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Daily Report

East Asia

FBIS-EAS-95-117
Monday
19 June 1995

Daily Report
East Asia

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NOTICE: An * indicates material not disseminated in electronic form.

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Reportage Continues on G-7 Halifax Summit

Leaders Discuss IMF Financing

OW1606131195 Tokyo KYODO in English 1223 GMT 16 Jun 95

[By William Mallard]

[FBIS Transcribed Text] Halifax, Canada, June 16 KYODO — Leaders of the Group of Seven (G-7) nations met Friday morning [16 June] to mull economics and finance, with attention focused on such issues as international funding in times of Mexico-style financial crisis.

After the Bosnian situation displaced economics at a summit-opening dinner the night before in this Nova Scotia port and their deputies worked through the night on an economic communique, the G-7 chiefs gathered for their first morning session of the three-day gathering.

Several leaders and Japanese officials have said the current summit will call for early warnings systems, including prompt and full financial disclosure to stave off financial meltdowns, and an emergency financing mechanism to respond when crises occur.

Much of the work was to be final fine-tuning of the closely watched communique, which said in draft form that the G-7 would urge a doubling of the general agreement to borrow (GAB) of the International Monetary Fund (IMF).

Other attention grabbers were how the leaders will handle trade, currencies and a proposal for a "bankruptcy" system for debt-swamped countries and whether they will urge the IMF to sell gold to help the poorest nations.

Finance ministers largely agreed Thursday night to boost the GAB pool but there were "differences of nuance" over the scale and some details, a Japanese Finance Ministry official said.

As for currencies, U.S. Treasury Secretary Robert Rubin said he and Japanese Finance Minister Masayoshi Takemura "reaffirmed their commitment" to an April statement calling for an "orderly reversal" to the dollar's plunge and the yen's ascent.

In the tortured jargon of summit communiques, a statement of the leaders' own "commitment" would be subtly stronger than a pro forma declaration of "support" for the April finance ministers' statement.

On trade, an issue left blank in the May 27 communique draft obtained by KYODO NEWS SERVICE, Japanese officials indicated little hope that they would get the G-7 to go on record against "unilateralism," a veiled jab at threatened U.S. trade sanctions against Tokyo.

As the G-7 statement is a consensus document, officials indicated a more general call to strengthen the World Trade Organization.

The Canadian summit host, Prime Minister Jean Chretien, has publicly supported the IMF gold sales for poor nations and the draft communique included it, but Japan and Germany have been cautious.

Tokyo has also been reticent on a proposal, championed by Harvard Economist Jeffrey Sachs, for a bankruptcy plan under which the IMF, like a U.S. bankruptcy court in a corporate Chapter 11 filing, would shield the debtor nation from creditors while it tried to restructure.

As for the headline topic of reforming the IMF, World Bank and other international institutions, the Japanese official indicated the G-7 will praise the postwar global lenders and call for only incremental tinkering.

"Fundamental restructuring is not called for," he said.

Commitment to WTO Urged

OW1606170595 Tokyo KYODO in English 1653 GMT 16 Jun 95

[By William Mallard]

[FBIS Transcribed Text] Halifax, Canada, June 16 KYODO — Japanese Prime Minister Tomiichi Murayama called on his Group of Seven (G-7) counterparts on Friday [16 June] to endorse the global trading system while veiled criticism flew of U.S. trade sanction threats, officials said.

Murayama told a morning meeting of the G-7 heads it is "essential to reaffirm our commitment" to the dispute settlement system of the World Trade Organization (WTO), Japanese officials said.

Japan's references to the WTO come amid its fight with Washington over auto trade, in which Tokyo has filed a complaint with the WTO over threatened U.S. sanctions on Japanese luxury cars.

Without naming the United States, leaders of several G-7 countries — which aside from Japan and the U.S. include Britain, Canada, France, Germany and Italy — criticized "unilateral measures," said an official of the European Union (EU), which also joined in the summit.

The G-7 leaders discussed currency rates, with many saying stability is necessary, the Japanese and EU officials said. However, the officials refused to comment on how the G-7 leaders will tackle exchange rate policy in their economic communique, noting that meetings will continue until the late afternoon announcement.

As for the currency issue, attention is focused on whether the leaders will build on their finance ministers' April call for an "orderly reversal" of the dollar's plunge and the yen's meteoric rise.

Murayama said "G-7 unity is essential" on the basis of the April call and a may concerted intervention by G-7 and other central banks to prop up the dollar and curb the yen, a Japanese official said.

The EU official said the G-7 leaders "very much endorse the need to stabilize international financial markets."

On trade, Japanese officials have indicated that the communique will stop short of direct criticism of American unilateralism, sticking to general calls for strengthening the WTO and respecting its rules.

"One country" called on Japan to do more to reduce its huge current account surplus, a Japanese official said. He declined to name the country, but U.S. Treasury Secretary Robert Rubin has publicly singled out Japan as needing to do more.

Murayama replied by explaining such Japanese efforts to cut the surplus as the 2.8 trillion yen in deficit-covering bonds the government decided to float in a yen-busting package and stressed that the current account surplus is "clearly declining," the official said.

The G-7 generally expressed concern about Russia's war with the breakway region of Chechnya, with Murayama saying it is important that President Boris Yeltsin show the G-7 how he will resolve the issue peacefully and promote economic, political and diplomatic reform, the official said.

Yeltsin, who landed in Halifax about two hours after the G-7 morning meeting ended, will join the leaders starting in the evening for political discussions.

'Text' of Economic Communique

OW1606232495 Tokyo KYODO in English 2116 GMT 16 Jun 95

[FBIS Transcribed Text] Halifax, Canada, June 16 KYODO — The following is a full text of an economic communique issued Friday [16 June] by the Group of Seven (G-7) leaders after the economic session of the halifax summit:

Halifax Summit Communique Preamble

1. We, the heads of state and government of seven major industrialized nations and the president of the European Commission, have met in Halifax for our 21st annual summit. We have gathered at a time of change and opportunity, and have reaffirmed our commitment to working together and with our partners throughout the world.

Growth and Employment

2. The central purpose of our economic policy is to improve the well being of our people, allowing them to lead full and productive lives. Creating good quality jobs and reducing unemployment, which remains unacceptably high in too many of our countries, is thus an urgent priority for all of us. We are committed to establishing an economic environment conducive to the accomplishment of this goal.

3. We remain encouraged by the continued strong growth in much of the world's economy. While there has been some slowing, in most of our countries the conditions for continued growth appear to be in place and inflation is well under control. We will pursue appropriate macroeconomic and structural policies to maintain the momentum of growth.

4. Yet problems remain, internal and external imbalances, together with unhelpful fluctuations in financial and currency markets, could jeopardize achievement of sustained, noninflationary growth as well as the continued expansion of international trade.

5. We remain committed to the medium-term economic strategy that we earlier agreed upon. Consistent with it, we are determined to make the best possible use of the current economic expansion by taking steps to promote durable job creation. This requires determined action to further reduce public deficits, to maintain a noninflationary environment and to increase national savings for the funding of a high level of global investment. Each country has to keep its own house in order.

6. We endorse the conclusions reached by G-7 finance ministers in Washington and ask them to maintain close cooperation in economic surveillance and in exchange markets.

7. Good fiscal and monetary policies will not on their own deliver the full fruits of better economic performance. We must also remove obstacles to achieving the longer-term potential of our economies to grow and create secure, well-paying jobs. This will require measures to upgrade the skills of our labor force, and to promote, where appropriate, greater flexibility in labour markets and elimination of unnecessary regulations. At naples we committed ourselves to a range of reforms in the areas of training and education, labour market regulation and adjustment, technological innovation and enhanced competition. As we pursue these reforms, we welcome

the initiation by the oecd of a detailed review of each member economy's structural and employment policies.

8. As a follow-up to our discussions, we agree to ask ministers to meet in France before our next summit to review the progress made in job creation and consider how best to increase employment in all of our countries.

9. We are also committed to ensuring protection for our aging populations and those in need in our societies. To this end, some of our countries must take measures to ensure the sustainability of our public pension programs and systems of social support. Similar attention is required in some of our countries to ensuring the availability of private sector pension funds.

10. We welcome the results of the G-7 information society conference held in Brussels in February, including the eight core policy principles agreed to by ministers, and encourage implementation of the series of pilot projects designed to help promote innovation and the spread of new technologies. We also welcome the involvement of the private sector. We encourage a dialogue with developing countries and economies in transition in establishing the global information society, and welcome the proposal that an information society conference be convened in South Africa in spring 1996.

The Challenges of the 21st Century

11. International institutions have been central to our pursuit of stability, prosperity and equity for the past 50 years. Last year, in Naples, we called for a review of the international institutions to ensure that they are equipped to deal effectively with the challenges of the future. Today, in Halifax, we are proposing some concrete steps toward this goal. All countries have a stake in effective, efficient institutions. We pledge our full energies to strengthening the institutions in partnership with their entire membership to enhance the security and prosperity of the world.

Strengthening the Global Economy

12. The world economy has changed beyond all recognition over the last fifty years. The process of globalization, driven by technological change, has led to increased economic interdependence: this applies to some policy areas seen previously as purely domestic, and to interactions between policy areas. The major challenge confronting us is to manage this increased interdependence while working with the grain of markets, and recognizing the growing number of important players. This is especially important in the pursuit of global macroeconomic and financial stability.

13. Close consultation and effective cooperation on macroeconomic policies among the G-7 are important elements in promoting sustained non-inflationary growth avoiding the emergence of large external and internal imbalances, and promoting greater exchange market stability. Our ministers have adopted a number of changes to the structure of their consultations over time, in order to strengthen policy cooperation, including enhanced consultation with the IMF.

14. The growth and integration of global capital markets have created both enormous opportunities and new risks. We have a shared interest in ensuring the international community remains able to manage the risks inherent in the growth of private capital flows, the increased integration of domestic capital markets, and the accelerating pace of financial innovation.

15. The developments in Mexico earlier this year and their repercussions have sharpened our focus on these issues. We welcome the recent more positive turn of events in Mexico, as well as the positive developments in a number of emerging economies.

16. The prevention of crisis is the preferred course of action. This is best achieved through each country pursuing sound fiscal and monetary policies. But it also requires an improved early warning system, so that we can act more quickly to prevent or handle financial shocks. Such a system must include improved and effective surveillance of national economic policies and financial market developments, and fuller disclosure of this information to market participants. To this end, we urge the IMF to:

— Establish benchmarks for the timely publication of key economic and financial data;

— Establish a procedure for the regular public identification of countries which comply with these benchmarks;

— Insist on full and timely reporting by member countries of standard sets of data, provide sharper policy advice to all governments, and deliver franker messages to countries that appear to be avoiding necessary actions.

17. If prevention fails, financial market distress requires that multilateral institutions and major economies be able to respond where appropriate in a quick and coordinated fashion. Financing mechanisms must operate on a scale and with the timeliness required to manage shocks effectively. In this context, we urge the IMF to:

— Establish a new standing procedure — "emergency financing mechanism" — which would provide faster access to fund arrangements with strong conditionality and larger upfront disbursements in crisis situations.

18. To support this procedure, we ask:

— The G-10 and other countries with the capacity to support the system to develop financing arrangements with the objective of doubling as soon as possible the amount currently available under the gab to respond to financial emergencies.

19. To ensure that the IMF has sufficient resources to meet its ongoing responsibilities, we urge continued discussions on a new IMF quota review.

20. Solid progress on the elements discussed above should significantly improve our ability to cope with future financial crises. Nevertheless, these improvements may not be sufficient in all cases. In line with this, and recognizing the complex legal and other issues posed in debt crisis situations by the wide variety of sources of international finance involved, we would encourage further review by G-10 ministers and governors of other procedures that might also usefully be considered for their orderly resolution.

21. We continue to support the inclusion of all IMF members in the SDR [special drawing rights] system. Moreover, we urge the IMF to initiate a broad review of the role and functions of the SDR in light of changes in the world financial system.

22. Closer international cooperation in the regulation and supervision of financial institutions and markets is essential to safeguard the financial system and prevent an erosion of prudential standards. We urge:

— A deepening of cooperation among regulators and supervisory agencies to ensure an effective and integrated approach, on a global basis, to developing and enhancing the safeguards, standards, transparency and systems necessary to monitor and contain risks;

— Continued encouragement to countries to remove capital market restrictions, coupled with strengthened policy advice from international financial institutions on the appropriate supervisory structures;

— Finance ministers to commission studies and analysis from the international organizations responsible for banking and securities regulations and to report on the adequacy of current arrangements, together with proposals for improvement where necessary, at the next summit.

23. We also recognize that international financial fraud is a growing problem. We are committed to improving communication between regulators and law enforcement agencies. Promoting sustainable development

24. A higher quality of life for all people is the goal of sustainable development. Democracy, human rights, transparent and accountable governance, investment in people and environmental protection are the foundations of sustainable development. The primary responsibility rests with each country but bilateral and multilateral international cooperation is essential to reinforce national efforts. We are committed to securing substantial flows of funds and to improving the quality of our assistance.

25. IDA [International Development Association] plays an indispensable role in helping to reduce poverty and integrate the poorest countries into the global economy. We urge all donor countries to fulfil promptly their commitments to IDA-10 and to support a significant replenishment through IDA-11. We look forward to the recommendations of the development committee's task force on multilateral development banks.

26. Multilateral institutions play a crucial role by providing intellectual leadership and policy advice, and by marshalling resources for countries committed to sustainable development. The United Nations and the Bretton Woods institutions should build on their respective strengths. The UN offers a unique forum for consensus building on global priorities, is an advocate for core values, and responds to development and humanitarian needs. The Bretton Woods institutions have a particular role in promoting macroeconomic stability, in supporting favorable environments for sustainable development and in mobilizing and transferring resources for development. We will work with the organizations and all their members to ensure relevant multilateral institutions:

— Make sustainable development a central goal of their policies and programs, including by intensifying and deepening the integration of environmental considerations into all aspects of their programs;

— Encourage countries to follow sound economic, environmental and social policies and to create the appropriate legal and structural framework for sustainable development;

— Encourage countries to follow participatory development strategies and support governmental reforms that assure transparency and public accountability, a stable rule of law, and an active civil society;

— Encourage the development of a healthy private sector, expand guarantees and co-financing arrangements to catalyze private flows, and increase credit for small and medium-sized enterprises;

— Continue to provide resources for the infrastructure needed for sustainable development, where these are not available from the private sector.

27. We agree on the need to actively support the peace process in the Middle East. Such support would include the establishment of a new institution and

financing mechanism enhancing regional cooperation. We therefore urge the task force already at work to continue its deliberations with an aim to arriving at a suitable proposal in time for the amman summit next October.

Reducing Poverty

28. An overriding priority is to improve the plight of the world's poor. Persistence of extreme poverty and marginalization of the poorest countries is simply not compatible with universal aspirations for prosperity and security. Sub-Saharan Africa faces especially severe challenges. We will work with others to encourage relevant multilateral institutions to:

— Focus concessional resources on the poorest countries, especially those in sub-Saharan Africa, which have a demonstrated capacity and commitment to use them effectively, and take trends in military and other unproductive spending into account in extending assistance;

— Direct a substantially increased proportion of their resources to basic social programs and other measures which attack the roots of poverty.

29. We welcome the Paris Club response to our encouragement last year to improve the treatment of the debt of the poorest countries and urge the full and constructive implementation of the Naples terms. We recognize that some of the poorest countries have substantial multilateral debt burdens. We will encourage:

— The Bretton Woods institutions to develop a comprehensive approach to assist countries with multilateral debt problems, through the flexible implementation of existing instruments and new mechanisms where necessary;

— Better use of all existing World Bank and IMF resources and adoption of appropriate measures in the multilateral development banks to advance this objective and to continue concessional ESAF [enhanced structural adjustment facility] lending operations.

30. Open markets throughout the world are also crucial to accelerated economic growth in the developing countries. Multilateral institutions should work to assist the integration of the poorest countries into the world trading system. We encourage the WTO to monitor and review the Uruguay round's impact on the least developed countries.

Safeguarding the Environment

31. We place top priority on both domestic and international action to safeguard the environment. Environmental protection triggers the development and deployment of innovative technologies, which enhance economic efficiency and growth and help create long term employment. In their policies, operations and procurement, G-7 governments must show leadership in improving the environment. This will require the appropriate mix of economic instruments, innovative accountability mechanisms, environmental impact assessment and voluntary measures. Efforts must focus on pollution prevention, the "polluter pays" principle, internalization of environmental costs, and the integration of environmental considerations into policy and decision making in all sectors.

32. We underline the importance of meeting the commitments we made at the 1992 Rio Earth Summit and subsequently, and the need to review and strengthen them, where appropriate. Climate change remains of major global importance. We will work with others to:

— Fulfil our existing obligations under the climate change convention, and our commitments to meet the agreed ambitious timetable and objectives to follow up the Berlin conference of the parties;

— Implement the medium-term work program adopted pursuant to the convention on biological diversity;

— Conclude successfully the work of the CSD [Commission on Sustainable Development] intergovernmental panel on forests, and promote a successful UN conference on straddling fish stocks and highly migratory fish stocks and international consensus at the next CSD session on action to deal with the problems of the world's oceans.

33. We encourage a clearer delineation of the mandates of the CSD and UNEP [United Nations Environment Program]. CSD should be the global forum for identifying and agreeing upon long-term strategic goals for sustainable development. UNEP should act as an international environmental voice and catalyst, it should focus on monitoring, assessment and the development of international environmental law.

Preventing and Responding to Crises

34. Disasters and other crises complicate the development challenge and have exposed gaps in our institutional machinery. To help prevent and mitigate emerging crises, including those with human rights and refugee dimensions, we will ask:

— The UN secretary general to explore means to improve the analysis and utilization of disaster and conflict-related early warning information, particularly through the high commissioners on human rights and refugees;

— The Bretton Woods institutions and the UN to establish a new coordination procedure, supported as necessary by existing resources, to facilitate a smooth transition from the emergency to the rehabilitation phase of a crisis, and to cooperate more effectively with donor countries;

— The bodies involved in the provision of humanitarian assistance to cooperate more closely with the department of humanitarian affairs in its assigned coordination role. Reinforcing coherence, effectiveness and efficiency of institutions

35. To fulfil their missions effectively into the future, multilateral institutions must continue to undertake reforms and to improve coordination and reduce overlap. The international financial institutions have shown flexibility in responding to the changing needs of the world economy, there nevertheless remain a number of areas where improvements are desirable to better prepare the institutions for the challenges ahead. We will encourage:

— The World Bank and the regional development banks to decentralize their operations wherever possible;

— The IMF and World Bank to concentrate on their respective core concerns (broadly, macroeconomic policy for the IMF and structural and sectoral policies for the World Bank);

— Revision of the ministerial committees of the IMF and World Bank to promote more effective decision-making;

— The World Bank group to integrate more effectively the activities of International Finance Corp. and the multilateral investment guarantee agency into its country assistance strategies;

— The multilateral development banks to coordinate their respective country programs more effectively with bilateral and other multilateral donors.

36. So as to allow the United Nations to better to meet the objectives in its Charter, we will encourage broadening and deepening the reform process already under way, and will work with others to:

— Complete the Agenda for Development, which should set out a fresh approach to international cooperation and define the particular contribution expected of UN bodies;

— Develop a more effective internal policy coordination role for the Economic and Social Council (ECOSOC); encourage deeper cooperation between the UN and specialized agencies both at headquarters and in the field; consolidate and streamline organizations in the economic and social fields, such as humanitarian relief and development assistance; and encourage the adoption of modern management techniques, with a more transparent and accountable Secretariat;

— Update and focus mandates to avoid duplication; eliminate overlaps with new organization, e.g. UNCTAD [United Nations Conference on Trade and Development] with WTO, and consider the roles of certain institutions in light of evolving challenges, e.g. regional economic commissions and UNIDO [United Nations Industrial Development Organization]. We call upon member states to meet their financial obligations and urge early agreement on reform of the system of assessment.

37. To increase overall coherence, cooperation and cost effectiveness we will work with others to encourage:

— Rationalization of data collection, analysis, priority setting, and reporting activities, and greater complementarity in the provision of assistance at the country level;

— Improved coordination among international organizations, bilateral donors and NGO's [nongovernmental organizations];

— All institutions to formulate and implement plans to effect significant reductions in operating costs over the next few years.

Follow-Up

38. These are our initial proposals to prepare multilateral institutions for the challenges of the next century. We intend to promote them actively, working together with the wider international community in all appropriate organizations. In particular, in the UN, we commit ourselves to working with other members to advance these goals. We will use the 50th anniversary celebrations in October 1995 to build consensus on these priorities with others. We will take stock at our meeting next year in France.

Creating Opportunities Through Open Markets

39. We recognize that new investment and increased trade are vital to achieving our growth and employment objectives. In a global market, opportunities for domestic and foreign producers and suppliers of goods and services depend as much on domestic policies as on external barriers. In order to improve market access, we intend to work for the reduction of remaining internal and external barriers.

40. We will implement the Uruguay round agreements fully, and reaffirm our commitment to resist protectionism in all its forms. We will build on the agreements to create new opportunities for growth, employment and global cooperation. We will work together and with our trading partners to consolidate the WTO

as an effective institution, and are committed to ensuring a well-functioning and respected dispute settlement mechanism. We endorse closer cooperation between the WTO and other international economic institutions. We recognize the importance of enhancing the transparency of the WTO.

41. We support accession to the WTO in accordance with the rules that apply to all of its members and on the basis of meaningful market access commitments. We are committed to ensuring that our participation in regional trade initiatives continues to be a positive force for the multilateral system.

42. The momentum of trade liberalization must be maintained. We are committed to the successful completion of current negotiations in services sectors and, in particular, significant liberalization in financial and telecommunications services. We will proceed with follow-up work foreseen in the Uruguay Round Final Act. We encourage work in areas such as technical standards, intellectual property and government procurement. An immediate priority is the negotiation in the OECD of a high standard multilateral agreement on investment. We will begin discussions on investment with our partners in the WTO. We recognize that initiatives such as regulatory reform have a particularly important contribution to make to trade liberalization and economic growth by removing administrative and structural impediments to global competition.

43. Consistent with the goal of continued trade liberalization, we will pursue work on:

— Trade and environment to ensure that rules and policies in these different areas are compatible;

— The scope for multilateral action in the fields of trade and competition policy;

— Trade, employment and labor standards.

44. We will work together with our partners in the WTO and other appropriate fora to create the basis for an ambitious first WTO Ministerial Meeting in Singapore in 1996.

Economies in Transition

45. We recognize the progress of many countries in transition toward democratic, market-based societies. Early and determined macroeconomic stabilization has proven the most effective strategy to allow an early return to growth. To consolidate these gains, the process of far reaching structural reform must be pursued vigorously. We will continue our support for economic reform in the economies in transition, and their integration into the global trade and financial system. We recognize their need for improved market access.

46. We welcome the good start Ukraine has made on its bold program of economic reform. The recent stand-by arrangement with the IMF provided the basis for substantial financial support by the international financial institutions and bilateral donors. We encourage Ukraine to continue its reform efforts in close cooperation with the international financial institutions. Assuming the continuation of strong economic reform, an additional 2 billion dollars in commitments could be available from the international financial institutions by the end of 1996.

47. We are encouraged by Russia's renewed commitments to financial stabilization and economic reform. Continued political reform is also necessary. We believe that a stable political, regulatory and legal environment, and the development of a modern financial sector, together with the full implementation of the policy measures outlined in the recently-signed IMF Stand-By Arrangement, will promote Russian economic recovery. We welcome the June 3 Paris Club debt rescheduling agreement and recognize the relevance of a comprehensive multilateral treatment of Russia's external public debt. We also note Russia's interest in working in close cooperation with the Paris Club.

Nuclear Safety

48. Each country is responsible for the safety of its nuclear facilities. We welcome progress to date in improving levels of nuclear safety in the countries of central and eastern Europe and the Newly Independent States. We congratulate President Kuchma of Ukraine on his decision to close the Chernobyl nuclear power plant by the year 2000. We reaffirm the commitments of support made last year at Naples under the G-7 Action Plan for Ukraine's Energy Sector. We are pleased to note the replenishment of the EBRD Nuclear Safety Account and the commitment of bilateral resources for short-term safety upgrades and preliminary decommissioning work for the closure of Chernobyl. We invite other donors to join with the G-7 countries in contributing funds for this purpose.

49. In order to assist the closure of Chernobyl, we will continue our efforts to mobilize international support for appropriate energy production, energy efficiency and nuclear safety projects. Any assistance for replacement power for Chernobyl will be based on sound cost-effective and environmental criteria. The World Bank and EBRD [European Bank for Reconstruction and Development] should continue their cooperation with Ukraine in devising a realistic long-term energy strategy. They should increase their financial contribution in support of appropriate energy sector reform and energy

conservation measures, and mobilize private sector support for energy investments.

Next Summit

50. We have accepted the invitation of the President of France to meet in Lyon from June 27th to 29th, 1996.

Economic Communique Critiqued

OW1606214695 Tokyo KYODO in English 2131 GMT 16 Jun 95

[By William Mallard]

[FBIS Transcribed Text] Halifax, Canada, June 15 [date as received] KYODO — Group of Seven (G-7) nation leaders called Friday [16 June] for cooperation on currency markets and strengthening the free trade system but skirted tough talk on those two key issues.

In the economic communique from their annual summit, the leaders said they "endorse the conclusions" their finance ministers reached in April.

But they did not restate the earlier statement's call for an "orderly reversal" to the dollar's plunge and the yen's surge or build on the earlier statement.

On trade, they restated the positions staked out last month by the organization for economic cooperation and development, rejecting protectionism and committing themselves to "ensuring a well-functioning and respected dispute settlement mechanism."

Attention had focused on whether the leaders of Britain, Canada, France, Germany, Italy, Japan and the United States would call more clearly for measures to stabilize currency markets and calls against "unilateralism" — a veiled jab at U.S. trade sanctions threats against Japan.

But despite the soft language, Japanese Prime Minister Tomiichi Murayama praised the statement's call for "close cooperation in economic surveillance and in exchange markets."

Murayama told a news conference the G-7 agreed wto rules must be followed in dispute settlement but said the leaders avoided becoming embroiled in bilateral issues.

The G-7 leaders also backed off from a call for the International Monetary Fund (IMF) to sell some of its gold to help the poorest countries.

Their deputies had specified gold sales in a May 27 draft obtained by KYODO NEWS SERVICE, but in the final document the leaders urge only the "better use of all existing World Bank and IMF resources" and other broader measures.

There was "no decision" because some argued for selling gold and others for using it as collateral to borrow for financing, said Canadian Prime Minister Jean Chretien, the summit host.

In the G-7 economic discussions, "there was no pressure from any government" to raise interest rates to curb inflation, "neither to stabilize any of their currencies," Chretien told a news conference in summing up the Thursday and Friday economic talks.

"Inflation does not seem to be a big threat around the world at this moment," he said.

As expected, the leaders devoted much of their communique to reforming global institutions.

But the G-7 leaders were vague in their reform calls, urging for example that the World Bank and regional development banks decentralize and the IMF concentrate on its core concerns of macroeconomic policy and the World Bank on structural and sectional policies.

To stave off future Mexico-style financial crises, the G-7 urged the IMF to create an early warning system through "benchmarks" for timely and full reporting of set economic data by debtor nations.

And if crises occur, the G-7 called for emergency financing mechanisms that "would provide faster access to fund arrangements with strong conditionality and larger upfront disbursements."

The leaders asked other prosperous countries to support this system by developing financing arrangements aimed at doubling as soon as possible the amount available under the general agreement to borrow, operated by the IMF.

On economic policy, the G-7 vowed steps to create jobs, such as cutting budget deficits, keeping inflation in check and boosting savings. "Each country has to keep its own house in order," the communique says.

The leaders said they "remain encouraged by the continued strong growth in much of the world's economy," with inflation "well under control" and conditions for continued growth in place despite some signs of slowing.

But the warn that "internal and external imbalances, together with unhelpful fluctuations in financial and currency markets, could jeopardize achievement of sustained, noninflationary growth as well as the continued expansion of international trade."

The G-7 leaders agreed to hold their next summit in Lyons, France, June 27-29, 1996.

Economic Discussions Summarized

OW1706011895 Tokyo KYODO in English 2320 GMT 16 Jun 95

[By William Mallard]

[FBIS Transcribed Text] Halifax, Canada, June 16 KYODO — Leaders of seven industrial powers played down economic and trade controversy Friday [16 June], issuing an economic statement that various sides could cite to support their own cause.

The Group of Seven (G-7) leaders managed to keep their summit from being dominated by a U.S.-Japan auto trade row, although both countries claimed victory on the statement.

The heads of state and government of the G-7, which also includes Britain, Canada, France, Germany and Italy, covered a gamut of issues in the 11-page communique, such as jobs and reforming global institutions, but exchange rates and trade attracted particularly close attention.

For the first time in four years the G-7 leaders mentioned currency rates in their communique, and Japanese Prime Minister Tomiichi Murayama praised its call for "close cooperation in economic surveillance and in exchange markets."

U.S. President Bill Clinton's chief economic adviser, Laura Tyson, acknowledged that the G-7 "leaders did commit to continue to coordinate in the exchange markets."

But the leaders did not repeat the call for an "orderly reversal" of the yen's surge and the dollar's plunge from an April G-7 finance ministers meeting or build on it, saying only that they "endorse the conclusions" of the ministers.

The foreign exchange market reacted dully to the G-7 leaders' creation, briefly pushing the yen down on the statement's call for cooperation but lifting it back when market players decided the call was just a rehash of earlier positions, New York dealers said.

On trade, the G-7 chiefs stopped at restating the views of the Organization for Economic Cooperation and Development (OECD), rejecting protectionism and committing themselves to "ensuring a well-functioning and respected dispute settlement mechanism."

That wording emerged last month when Japan could not prevail on the OECD to publicly reject "unilateralism" — a veiled jab at U.S. trade sanctions threats against Japan.

But Murayama said the G-7 agreed that countries should solve trade quarrels under the rules of the World Trade Organization, where Tokyo has lodged a complaint against the U.S., and he said the other leaders agreed not to backtrack on trade liberalization.

Japan, the U.S. and some other G-7 countries have said they did not want the bilateral dispute over auto trade to overshadow the G-7 summit.

Clinton used that rationale to avoid detailed talks on the issue when others pressed him on it, said senior State Department official Daniel Tarullo.

In their discussions, "one or two leaders asked about U.S. actions," thinking they constitute a "problem," said the assistant secretary for economic business affairs, declining to name the leaders.

Clinton replied by explaining the trade law under which Washington threatens 100 percent tariffs on 5.9 billion dollars worth of Japanese luxury cars, saying he is "quite serious about his determination to open Japan's market," according to Tarullo.

On other issues watched for signs of G-7 friction, "there was no pressure from any government" to raise interest rates to curb inflation, "neither to stabilize any of their currencies," said summit host, Canadian Prime Minister Jean Chretien.

"Inflation does not seem to be a big threat around the world at this moment," he said.

The leaders said in the communique they "remain encouraged by the continued strong growth in much of the world's economy," with inflation "well under control" and conditions for continued growth in place despite some signs of slowing.

But they warned that "internal and external imbalances, together with unhelpful fluctuations in financial and currency markets, could jeopardize achievement of sustained, noninflationary growth as well as the continued expansion of international trade."

To counter such threats, they vowed steps to create jobs, such as cutting budget deficits, keeping inflation in check and boosting savings. "Each country has to keep its own house in order," the communique states.

The G-7 leaders backed off from a call for the International Monetary Fund (IMF) to sell some of its gold to help the poorest countries.

Their deputies had specified gold sales in a May 27 draft obtained by KYODO NEWS SERVICE, but in the final document the leaders urge only the "better use of all existing World Bank and IMF resources" and other broader measures.

There was "no decision" because some argued for selling gold and others for using it as collateral to borrow for financing, Chretien said.

As expected, the leaders devoted much of their communique to reforming global institutions.

But they were vague in their reform calls, urging for example that the World Bank and regional development banks decentralize and the IMF concentrate on its core concerns of macroeconomic policy and the World Bank on structural and sectional policies.

To stave off future Mexico-style financial crises, the G-7 urged the IMF to create an early warning system through "benchmarks" for timely and full reporting of set economic data by debtor nations.

And if crises occur, the G-7 called for emergency financing mechanisms that "would provide faster access to fund arrangements with strong conditionality and larger upfront disbursements."

The leaders asked other prosperous countries to support this system by developing financing arrangements aimed at doubling as soon as possible the amount available under the general agreement to borrow, operated by the IMF.

The G-7 leaders agreed to hold their next summit in Lyons, France, on June 27-29, 1996.

Bosnia, Chechnya Discussed

OW1706122795 Tokyo KYODO in English 1207 GMT 17 Jun 95

[By William Mallard]

[FBIS Transcribed Text] Halifax, Canada, June 17 KYODO — Bosnia was expected to retake center stage from Chechnya as the hot spot of the hour Saturday morning [17 June] when leaders of seven major industrial powers were to meet with the Russian president.

The escalating war in the former Yugoslavia, where three of the Group of Seven (G-7) nations have stationed peacekeepers, dominated the Thursday night opening of the G-7 summit in this Nova Scotia port city, though Moscow's war against Chechen rebels held the spotlight Friday when Russian President Boris Yeltsin joined the G-7 leaders.

The leaders of Britain, Canada, France, Germany, Italy, Japan and the United States issued a statement Thursday urging a truce in Bosnia to allow a negotiated settlement "at a time when all information indicates that there is a danger of renewed intensification of fighting in Bosnia, in particular in Sarajevo."

The G-7 and Russia were likely to issue a further call after the summit's final session Saturday, a senior official of the Canadian host government said, but he did not know whether it will be separate from the chairman's statement that ends the formal segment of the 21st G-7 summit.

G-7 leaders greeted Yeltsin, who is participating in the political but not economic talks, with expressions of concern over Chechnya. In a southern Russian city of Budennovsk, Russian troops early Saturday stormed a hospital where Chechen rebels were holding Russian hostages, according to Canadian and Japanese officials.

Several leaders expressed concern over Russia's economic and political reform in light of the Chechen fighting, the officials said.

They urged "an early halt to Russian military activity" and "stressed the need for an early political conclusion," a senior Canadian official said.

Yeltsin, saying Chechens hold 1,006 Russians hostage, accused the rebels of international terrorism, Japanese officials said.

The G-7 "expressed great sympathy" for the hostages, but that did not change their concern over the continued fighting, the Canadian official said.

Yeltsin told the G-7 leaders that his economic reforms have had great effect in curbing inflation and spurring growth and that Russia should be allowed into the World Trade Organization, the Organization for Economic Cooperation and Development and the rich- nation Paris Club of creditor nations, according to Japanese and Canadian officials.

But Yeltsin indicated he is not trying to join the G-7 economic group, saying he is satisfied to be allowed in as a full member of the political talks, an arrangement that began at last year's summit, the Canadian official said.

Political Statement Reviewed

OW1706163295 Tokyo KYODO in English 1617 GMT 17 Jun 95

[FBIS Transcribed Text] Halifax, Canada, June 17 KYODO — Leaders of the Group of Seven (G-7) economic powers and Russia on Saturday [17 June] urged a peaceful settlement of the escalating war in Bosnia through political negotiations.

In a statement read by Canadian Prime Minister Jean Chretien, the leaders of Britain, Canada, France, Germany, Italy, Japan and the United States, as well as Russian President Boris Yeltsin, voiced deep concern over the situation in the former Yugoslavia.

The move followed the G-7 nations' call Thursday for a truce in Bosnia to allow a negotiated settlement.

In the statement released after the political portion of their annual summit, the G-7 leaders, joined by Yeltsin, also sought international cooperation in fighting new types of terrorism such as the Tokyo subway gassing case.

The inclusion in the statement of the paragraph concerning multilateral cooperation in tackling acts of terrorism apparently came in response to Japanese Prime Minister Tomiichi Murayama, who had vowed to raise the topic at the summit.

The G-7 and Russian leaders also spoke in one voice about reform of the United Nations. They called for reinforcement of the 50-year-old world body's functions in resolving and preventing regional conflicts.

On arms control and disarmament, they hailed the recent indefinite extension of the nuclear Nonproliferation Treaty and invited all nations to back full implementation of the UN register of conventional arms.

In the political discussion, Murayama spoke of the need for a total ban on nuclear experiments apparently in protest against France's recent decision to resume testing in September, Japanese officials said.

The Japanese premier, who will fly to Paris after the G-7 summit, plans to urge in a meeting with French President Jacques Chirac a reversal of France's decision to restart tests of its nuclear devices, Japanese officials said.

In the statement, the G-7 and Russian leaders also welcomed the recent nuclear agreement reached between North Korea and the U.S. saying the development will help lead to a peaceful elimination of Pyongyang's perceived nuclear threat.

At the same time, they appealed to North Korea to fulfill its commitment to the regime of International Atomic Energy Agency safeguards and abide by the nuclear accord with the U.S.

On other political matters, the leaders touched on the need for enduring peace in the Middle East and called for the conclusion of peace treaties between Israel and Lebanon, and between Israel and Syria.

They then pressed Iran to get more actively involved in the Middle East peace process.

The leaders also embraced as a favorable move China's greater participation in international and regional forums concerning political, economic and security issues.

They also expressed hope for a smooth transfer of Hong Kong to China in 1997 so as to maintain the current British colony's economic prosperity and social stability.

The announcement of the statement marked the end of this year's G-7 summit in this Nova Scotia port city. Next year's gathering is set for June 27-29 in Lyons, France.

'Text' of Chairman's Statement

OW1706164795 Tokyo KYODO in English 1625 GMT 17 Jun 95

[FBIS Transcribed Text] Halifax, Canada, June 17 KYODO — The following is the full text of the chairman's statement issued Saturday [17 June] by leaders of the Group of Seven major economic powers and Russian President Boris Yeltsin.

1. In this 50th anniversary of the end of the Second World War and the birth of the United Nations, we discussed in a spirit of cooperation political issues of global importance. Noting with satisfaction what has been achieved through reconciliation and cooperation, we confirmed our desire to work together ever more closely in finding solutions.

Commitment To Multilateral Engagement

2. We reaffirm our commitment to the U.N., whose charter lays down the fundamental principles for an international order based on peace and security, sustainable development, and respect for human rights. We support measures to strengthen the U.N., which is called upon to play an ever more important role in the post Cold War period, and will work with other member states to build, through concrete reforms of the institutions, a more effective and efficient organization to meet the challenges of the next half-century. We call upon member states to meet their financial obligations and urge early agreement on reform of the system of assessment.

3. The United Nations must be able to act more quickly and effectively to address threats to international peace and security. We, for our part, are determined to coordinate more closely our individual efforts to assist in the prevention, management and resolution of conflicts. A high priority should be placed on the early warning of crises, political mediation and, in accordance with realistic mandates, the rapid deployment of UN Civilian and military personnel, including peacekeepers, to areas of conflict. We encourage further efforts to improve operational planning and procedures for peacekeeping missions as well as to modernize command and control equipment, logistical arrangements and facilities. We also stress the need for measures to ensure the security of UN personnel, including the early entry into force of the recently adopted UN Convention for the

Safety of United Nations and Associated Personnel. We welcome the growing role of regional organizations and arrangements in building stability and security, in the prevention and management of conflicts, and we attach special importance to reinforcing cooperation between such organizations and the United Nations.

Arms Control and Disarmament

4. We welcome the indefinite extension of the nuclear Nonproliferation Treaty [NPT] and the commitment of states party to the universalization of the treaty as well as their decisions to strengthen the review process and adopt a set of principles and objectives for nonproliferation and disarmament. The entry into force of START I is a major landmark in the process of nuclear arms control, which was greatly helped by the decision of Ukraine to accede to the NPT. We now look forward to the early ratification of START II. We support the safe and secure dismantlement of the nuclear weapons eliminated under START I and we welcome the work of the United States and Russia on measures to ensure that the fissile material from these weapons is rendered unusable for weapons purposes. The disposal of weapons-grade plutonium deserves particular attention and we encourage its further study.

5. We are encouraged by the growing international recognition of the need to complete without delay universal, comprehensive and verifiable treaties to ban nuclear weapons tests and to cut off the production of fissile material for nuclear weapons and other nuclear explosive devices. Recognizing the continuing dangers posed worldwide by criminal diversion and illicit trafficking of nuclear materials, and drawing on the decisions taken in Naples and the practical work undertaken by our experts since then, we resolve to work together to strengthen systems of control, accounting and physical security for nuclear materials; to expand our cooperation in the area of customs, law enforcement and intelligence and to strengthen through venues such as the IAEA and Interpol the international community's ability to combat nuclear theft and smuggling. We emphasize the importance of bringing the Chemical Weapons Convention into force at the earliest possible date, and call for rapid progress in developing verification systems for the Biological and Toxin Weapons Convention.

6. The excessive transfer of conventional arms, in particular to areas of conflict, is one of our main preoccupations. We are appalled by the continuing injuries to civilians caused by antipersonnel landmines. We urge states to become party to the 1980 Conventional Weapons Convention and to participate in its review conference this fall in an effort to strengthen multilateral controls over antipersonnel landmines. We urge all countries to support full implementation of the UN Register of Conventional Arms, and note that Article 26 of the UN Charter calls for "the least diversion for armaments of the world's human and economic resources."

Regional organizations can help promote transparency and confidence-building measures that reduce excessive stockpiling of conventional weapons. We shall work with others for effective and responsible export controls on arms and sensitive dual-use goods and technologies.

Promoting New Approaches

7. Now approaches are needed in the UN and elsewhere to deal with emerging global challenges such as environmental degradation, unsustainable population growth, mass displacement of victims of conflict and involuntary migration across borders. Initiatives such as the UN Secretary General's agenda for development that highlight the linkages between economic, social and political issues could make an important contribution to international stability. We commit ourselves to working with other member states to build on it. We also recognize the importance of nongovernmental organizations in the U.N.'s work on economic and social development, including human rights and humanitarian assistance, and believe that greater coordination of their efforts with those of the UN and other organizations would benefit the world community. We reiterate our firm belief in the necessity for the international community to promote efficient means to respond promptly to humanitarian emergencies, and support the work of the WEU (Western European Union) in this area.

8. Respect for the rights of the individual is at the heart of a durable, secure and prosperous international order. We will work to promote good governance and democratic accountability, which are the surest guarantees of respect for universal human rights and fundamental freedoms. We condemn all forms of discrimination and intolerance, including aggressive nationalism and the mistreatment of persons belonging to minorities. We call upon all states to protect the rights set out in the universal declaration of human rights, and to ratify and comply fully with international covenants and other multilateral human rights instruments. We reaffirm our support for the UN High Commissioner for Human Rights and his coordinating role on human rights throughout the UN system. We call for the strengthening of international mechanisms of accountability for human rights violations, and on governments to cooperate fully with courts, tribunals and investigative commissions, including on the affective pursuit of individual cases within the bounds of international and domestic law.

9. We restate our resolve to defeat all forms of terrorism. Following recent outrages, we agree to share more

intensively our experiences of, and lessons learned from, major terrorist incidents, and to strengthen our cooperation in all areas of counter-terrorism, including research and technology. We call upon all states that assist terrorists to renounce terrorism and to deny financial support, the use of their territory or any other means of support to terrorist organizations. We attach particular importance to measures to impede the ability of terrorist organizations to raise funds, and urge other governments to strenuously enforce laws against terrorist activity and join existing treaties and conventions against terrorism. In pursuit of these shared aims, we charge our terrorism experts group to report to a ministerial-level meeting on specific, cooperative measures to deter, prevent, and investigate terrorist acts. These sessions should be held prior to our next meeting.

10. Transnational criminal organizations are a growing threat to the security of our nations. They undermine the integrity of financial systems, breed corruption, and weaken emerging democracies and developing countries around the world. To counter their criminal activities effectively, we will work to reinforce existing institutions, strengthen our cooperation, exchange of information, and assistance to other nations. Sanctuaries provided by some countries to transnational criminal organizations and their agents create a major difficulty in the implementation of justice. We all agree to cooperate more closely together, and with others, to ensure that they cannot escape justice by crossing borders. We encourage all governments to adhere to and implement relevant international conventions and the recommendations of the financial action task force. We recognize that ultimate success requires all governments to provide for effective measures to prevent the laundering of proceeds from drug trafficking and other serious crimes. To implement our commitments in the fight against transnational organized crime, we have established a group of senior experts with a temporary mandate to look at existing arrangements for cooperation both bilateral and multilateral, to identify significant gaps and options for improved coordination and to propose practical action to fill such gaps. The group will report back to the summit in 1996.

Europe

11. After five decades of division, we now have the historic opportunity to establish in all of Europe democracy, market economy, stability, peace and prosperity. We strongly support the contribution of the European Union to stability and cooperation through its Europe agreements with central European countries and the Baltic states as well as through partnership agreements with Russia, Ukraine and other newly independent states. We encourage states to take full advantage of the opportunities afforded by the pact on stability in Europe and NATO's Partnership for Peace Program for enhancing security and stability in the whole of Europe. We encourage other multilateral fora and arrangements to assist in the integration of Europe. We are pleased with the steps taken at the Budapest summit last year to strengthen the capabilities of the OSCE (Organization for Security and Cooperation in Europe), and we will contribute to the OSCE study into a security model for Europe for the 21st century.

12. We are deeply concerned by the continuing escalation of hostilities in Bosnia, especially in the area of Sarajevo. We appeal to all parties to establish an immediate moratorium on military operations in order to allow political negotiations, without which no lasting solution is possible, to resume as quickly as possible on the basis of the contact group proposals which we urge the Bosnian Serbs to accept.

13. We condemn the taking of UN hostages by the Bosnian Serbs, their deplorable shelling of civilian populations and their obstruction of UNPROFOR's [United Nations Protection Forces] freedom of movement. We demand the immediate and unconditional release of the remaining hostages, and hold the Bosnian Serb leadership accountable for their safety. We call on the Bosnian Government and all other parties to renew the cessation of hostilities agreement, and to ensure the free passage of humanitarian assistance.

14. We welcome the decision of the UN Security Council to strengthen UNPROFOR and to provide it with a rapid reaction capacity to enhance its security and its ability to protect civilians, facilitate the delivery of humanitarian assistance and promote conditions for a lasting peace. The rapid reaction force will be under UN command, as stipulated in the Security Council resolution, and operate in accordance with UNPROFOR's existing mandate.

15. We call for renewed impetus to be given urgently to the peace process and, in this connection, we welcome the appointment of Carl Bildt as EU negotiator, and offer our strong support to him and to UN negotiator Thorvald Stoltenberg in their efforts to achieve a durable settlement.

16. We call for early mutual recognition between the republics in the former Yugoslavia within their existing internationally recognized borders; recognition between Bosnia and the Federal Republic of Yugoslavia would be an important first step, and we urge President Milosevic to take it. The Bosnian-Croat Federation is a way to advance reconciliation, and we continue to

support steps to help stabilize the situation in the Former Yugoslav Republic of Macedonia.

17. We remain concerned about the risk of further fighting in Croatia. Both the Croatian Government and the Croatian Serbs must exercise restraint. We urge the parties to honor the March 29, 1994 cease-fire and to cooperate with the United Nations in implementing UNCRO's [UN Confidence Restoration Operation in Croatia] new mandate. We call for further development of the economic agreement between the two sides and the opening of political talks to achieve a settlement respecting the internationally recognized borders of Croatia while establishing autonomy for the Serb population on the basis of the principles underlying the Zagreb-4 Plan for Croatia.

Middle East and Africa

18. The Israel-Jordan peace treaty is an important building block for peace throughout the region. It is imperative that the momentum for peace be maintained. We encourage the conclusion of peace treaties between Israel and Lebanon and Syria. We pledge our firm support for the Israeli-Palestinian Declaration of Principles. We urge Israel and the Palestinian Authority to conclude, as agreed between them, the arrangements for elections in the Palestinian Autonomous Territory and the redeployment of Israeli Defense Forces. We also recognize the importance of the economic basis for peace, notably the need for regional integration. We reiterate our call to the League of Arab States to end its boycott of Israel.

19. We call upon the government of Iran to participate constructively in regional and world affairs, and to desist from supporting radical groups that seek to destroy the Middle East peace process and destabilize the region. We also call on the Iranian Government to reject terrorism and, in particular, to withdraw its support from the continuing threats to the life of Mr. Salman Rushdie and others associated with his work. We call on all states to avoid any collaboration with Iran which might contribute to the acquisition of a nuclear weapons capability.

20. We reiterate our resolve to enforce full implementation of each and every relevant UN Security Council resolution concerning Iraq and Libya until they are complied with, and recall that such implementation would entail the reassessment of sanctions. We urge Iraq to reconsider its rejection of UN Security Council Resolution 986 which would permit the sale of oil and purchase of humanitarian goods.

21. We support the positive steps of the Algerian Government toward economic reform, and believe that peace and stability provide the only durable foundation for success. We call for an end to the violence in Algeria, and urge all parties that accept nonviolent and democratic principles to pursue political reconciliation through peaceful dialogue and a genuine electoral process.

22. We applaud the peaceful and democratic transition of power in South Africa, the successful holding of elections elsewhere in southern Africa, and the Angolan peace process. These developments provide good grounds for optimism about Africa's longer-term prospects. We will continue to support efforts by African leaders to prevent conflict and enhance the welfare of their populations through democratization, structural reform, and economic liberalization.

23. We condemn extremists in Burundi and Rwanda and support measures to hold them accountable for their actions, including through the international tribunal for Rwanda. We call for greater international support for humanitarian assistance for the Rwanda-Burundi region. We support the convening of a UN and OAU-sponsored conference on stability and security in the Lakes region.

Asia-Pacific

24. We welcome the emerging dialogue and cooperation in and with the Asia-Pacific region in various forms including the ASEAN regional forum. We welcome China's growing participation in international and regional fora dealing with political, economic and security tissues. Each of us will pursue our respective dialogues with China in the interests of a more stable and prosperous world. We look forward to a smooth transfer of government in Hong Kong in 1997, with the object of maintaining its economic prosperity and social stability.

25. We call on North Korea to observe the agreements reached at the NPT review and extension conference. We believe the agreed framework between the United States and North Korea offers a real prospect for resolving the North Korea nuclear problem, and we are encouraged by recent developments in this regard. We call on North Korea to fulfill its commitment to the regime of IAEA safeguards and to uphold the terms of the agreed framework. The support of the international community can be demonstrated inter alia through participation in the Korean Peninsula Energy Development Organization (KEDO). We also believe that progress in the South-North dialogue will contribute to peace and security on the Korean peninsula.

26. We are concerned about the potential for conflict in Kashmir and urge all parties to pursue a peaceful settlement. To help lower tension and build confidence on the subcontinent, as well as to strengthen the framework of

global security, we urge India and Pakistan to support international arms control norms, accede to the NPT and refrain from taking further steps toward ballistic missile deployment or any other measures that might precipitate a regional arms race.

27. We call on the government of Myanmar [Burma] to release Aung San Suu Kyi and other political prisoners, without conditions, and to engage in a dialogue of reconciliation aimed at the full and early realization of democracy and national unity.

28. The South China Sea has become increasingly an area of territorial dispute. We call upon all parties to resolve their differences in a peaceful manner respecting international norms.

Americas

29. We encourage implementation by the States of the Americas of the Miami summit plan of action to strengthen democratic institutions, eliminate the threat of terrorism, eradicate poverty and discrimination, conserve their natural environment, and negotiate the free trade area of the Americas. We support the Government of Mexico's bold steps toward political reform and dialogue. We commend the efforts of the guarantor group of the Rio Protocol to help Peru and Ecuador achieve a permanent peace between them. We support international cooperation in Haiti's economic and democratic development, and look forward to free and open legislative elections scheduled for June 25.

Halifax, June 17, 1995

Japan

MITI Official Passimistic Over Auto Talks

*OW1706055695 Tokyo KYODO in English
0543 GMT 17 Jun 95*

[By William Mallard]

[FBIS Transcribed Text] Halifax, Canada, June 17 KYODO — Despite signs of optimism in the Japan-U.S. auto trade dispute, a senior Japanese official said early Saturday [17 June] he sees almost no chance of a breakthrough as the threat of trade sanctions looms.

"We've painted ourselves into a corner," the Ministry of International Trade and Industry (MITI) official said of both sides' inflexible positions. As things stand, "there's not even a 1 percent chance of a deal."

The official spoke to a small group of reporters on condition of anonymity after Prime Minister Tomiichi Murayama and President Bill Clinton met in this Nova Scotia port city Thursday. The leaders repeatedly expressed hope for a deal and vowed redoubled efforts to solve the acrimonious dispute.

Clinton said he had "instructed our negotiators to pursue every possible avenue of resolution" and Murayama said Japan must compromise where it can.

But the senior MITI official said Japanese negotiators have received no indication from top levels of new areas where they are allowed to yield, nor have they heard any such signals from the U.S. side.

There is no change in the Japanese position of rejecting U.S. calls for Japanese automakers to boost their purchases of foreign parts, and there is no indication of change from the U.S. side, he said.

The U.S. and Japan have set talks for next Thursday and Friday in Geneva, for which Clinton and Murayama expressed strong hopes of a deal to avoid the threat of U.S. trade sanctions if no agreement is reached by June 28.

If there is no deal by that deadline, Clinton said, "I will impose sanctions" in the form of 100 percent tariffs on 5.9 billion dollars worth of Japanese luxury cars, retroactive to May 20.

Those Geneva meetings are to be held "without preconditions" and are aimed at searching for a resolution outside the World Trade Organization talks initiated under a Japanese complaint against the U.S. sanctions threat, the official said.

But if the meeting were held under current conditions, it would end quickly with a restatement of the old positions, said the official, who repeatedly stressed he saw no cause for the optimism that greeted the Murayama-Clinton meeting.

"They have things on which they can't yield, I guess, and we have things on which we can't yield," he said.

The official did not rule out the possibility of Japan accepting a U.S. demand to separate its auto inspection and repair systems, but he noted that is under the jurisdiction of the Transport Ministry. The U.S. says the system locks out competitive foreign parts.

But even if Japan compromises on that issue, the official said he does not think the U.S. would be willing to give up its demands for Japanese purchases of U.S. auto parts.

Aside from attending the Clinton-Murayama meeting, which preceded the group of seven summit here, MITI Minister Ryutaro Hashimoto and U.S. Trade Representative Mickey Kantor did not meet in Halifax, the official said. Nor did other officials from the vice ministerial level on down, he said.

Kantor and Hashimoto each met separately Friday with their European Union counterpart, Leon Brittan, explaining their positions to the European Commission vice president, Brittan said.

Hashimoto repeated that there is no change in Japan's fundamental rejection of voluntary plans for procurement of U.S. parts, a MITI official told reporters Friday.

Last week, George Mu, minister-counselor for commercial affairs at the U.S. Embassy in Tokyo, said Washington will drop the demand if Japan can show another way to meet the bilateral trade "framework" goal of increasing parts purchases.

But the senior MITI official said that in negotiations, Kantor has explicitly said voluntary plans are essential and demanded "numerical targets" to gauge increases over time in the number of Japanese dealerships handling foreign cars.

Compromise Plan at Geneva Auto Talks Discussed

*OW1806150895 Tokyo ASAHI SHIMBUN
in Japanese 17 June 95 Morning Edition p 1*

[FBIS Translated Text] On 16 June, a source close to the Japanese Government revealed that Japan will propose a compromise plan to increase the procurement of foreign-made auto parts by Japanese auto makers during bilateral vice ministerial talks slated to start in Geneva on 22 June. So far, Japan has rejected the government's intervention in the private sector to "maintain the voluntary procurement plan by the domestic makers and increase their purchases from foreign makers." However, the government judged that presenting a compromise plan formulated by the private sector itself is not an intervention. During the vice ministerial talks, Japan will stress that it is a proposal worked out by the private sector but "not a commitment by the government."

The proposal will consist of measures to expand foreign-made auto parts procurement. How to boost local production in the United States is likely to be one of its main pillars. It could lead to an increase in the Japanese makers' purchases from U.S. parts makers, but no specific figures, which could be interpreted as a commitment, will be included.

In addition, the proposal is expected to indicate what the government can do in areas within its reach — for example, deregulating the auto parts replacement market and increasing the number of dealers who handle imported automobiles.

The makers, while keeping an eye on U.S. moves, are trying to promote negotiations by officially announcing a proposal like this before the sanctions deadline, which is set for 28 June. However, during past negotiations, the United States refused to reach an accord unless the Japanese Government took some action to promise a certain increase in auto parts procurement by Japanese makers. Will it be possible for the two nations to forge an agreement with this proposal? It can be said that the success of the talks now depends on how the United States will react to the proposal.

'Unofficial' Talks Held With U.S. at Summit

OW1706180495 Tokyo KYODO in English
1732 GMT 17 Jun 95

[FBIS Transcribed Text] Halifax, Canada, June 17 KYODO — Senior Japanese and U.S. trade officials held unofficial talks on the bilateral spat over auto and auto parts trade, on the occasion of the Group of Seven (G-7) summit, a diplomatic source said Saturday [17 June].

The source said Yoshihiro Sakamoto, vice minister for international affairs at Japan's Ministry of International Trade and Industry, and Ira Shapiro, general counsel of the U.S. Trade Representative Office, met Friday in this Nova Scotia port city.

U.S. officials said the unofficial session made Washington feel there may be a compromise with Tokyo at subcabinet-level auto trade talks in Geneva next week, according to the source.

Japanese officials denied Sakamoto held the meeting with Shapiro.

Japan and the United States remain deadlocked over the automotive trade dispute, with Washington threatening 5.9 billion dollars in punitive tariffs on Japanese luxury car exports from June 28, if no deal is struck before then.

MITI, Auto Industry on U.S. Compromise Plan

OW1906144595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 18 Jun 95 Morning Edition p 3

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] and the domestic auto industry have expressed hopes for the U.S. Government's compromise plan to settle the ongoing Japan-U.S. auto dispute. They said: "This could break through the deadlocked negotiations." With this plan, Japan wants to find a way to the settlement at the vice ministerial talks to be held on 22 June. At the same time, however, both the government and private sector are frustrated since they cannot determine the United States' true intentions behind the plan and its future moves. As such, it is still uncertain whether the negotiations will be concluded and the sanctions averted.

MITI welcomes a U.S. decision to withdraw its demand for the expansion of auto parts procurement by Japanese makers and said: "The big obstacle to the settlement was removed." But MITI also says it cannot dispel its concerns that another U.S. call for "setting up a goal for local procurement by Japanese plants in the United states" could be turned into a numerical target. MITI adds that it is unclear whether the U.S. auto industry and labor unions could be satisfied with the compromise plan their government formulated.

MITI Minister Ryutaro Hashimoto stressed: "An agreement is possible if there is no fuss over the expansion of procurement," and the government has asked the United States to withdraw its demand. "If the United States makes a compromise, our negotiations could make headway." This is what MITI hopes for.

Regarding the expansion of local procurement, "If the Japanese auto industry voluntarily sets a goal, the government has no reason to oppose it," (as stated by a senior MITI official). This remark toes the line with Japan's basic policy that "efforts should be made to unite overseas Japanese production plants and local communities." Hashimoto proposed this policy to U.S. Trade Representative (USTR) Mickey Kantor last month. However, there is a deep-rooted concern within MITI that "If we accept setting up a goal for local procurement, the U.S. Government may force Japan to achieve it." It would be considered a violation of the rules of World Trade Organization (WTO) if the government forces the makers to increase local procurement.

Should Japan and the United States reach a compromise by agreeing to set up a goal for local procurement, there is a fear that the United States would interpret it as a commitment by the Japanese Government. The goals are not numerical targets, and thus, not necessary to achieved. Getting an agreement on this point from the United States will be a precondition to accepting the U.S. compromise plan.

Another question is whether the U.S. industrial circles, labor unions, and Congress would accept the plan. Many doubt that USTR Kantor, the highest commander in the auto dispute, has really softened his negotiation stance.

A reaction from the EU, which has shown interest in the Japan- U.S. negotiations, is also of some concern. The EU has made a strong request that Japan and the United States not reach any agreement that would exclude third countries such as Europe.

During the vice ministerial talks, discussion will be held on various issues — for example, presenting the targeted numbers of dealers who handle imported automobiles and deregulating the auto replacement parts markets. These issues have not been discussed much, as the negotiations have so far only concentrated on the increasing the procurement of auto parts. With the 28 June sanctions deadline approaching, the two nations are now under pressure to work out last-minute coordination.

EU Assured of No Compromise With U.S.

OW1606152495 Tokyo KYODO in English 1459 GMT 16 Jun 95

[By William Mallard]

[FBIS Transcribed Text] Halifax, Canada, June 16 KYODO — Japan assured the European Union (EU) on Friday [16 June] it will not compromise its basic positions in auto talks with the United States, a Japanese official said.

A day after Japanese Prime Minister Tomiichi Murayama and U.S. President Bill Clinton agreed to redouble efforts to reach an accord on the thorny dispute, EU trade chief Leon Brittan sought assurance from his Japanese counterpart Ryutaro Hashimoto that Japan will not cave in, said the Ministry of Trade and International Industry (MITI) official.

Brittan, European Commission vice president, repeated his stance that U.S. calls for Japanese automakers to boost purchases of foreign parts and use of "numerical targets" must be rejected and that negotiations must follow World Trade Organization (WTO) rules, the official told reporters on condition of anonymity.

Hashimoto, the MITI minister, replied that Japan " does not intend to change its fundamental position" on those key issues in talks next Thursday and Friday in Geneva, the MITI official said.

Hashimoto and Brittan also agreed to convene a four-way trade ministers' meeting, including the U.S. and Canada, on Oct. 20-21, the official said. It is the EU's turn to host the "quadrilateral" ministerial meeting, he said, adding that the location is expected to be Scotland.

Brittan told Hashimoto he was satisfied with his assurance of a firm stance, the MITI official said.

The EU has threatened to file a WTO complaint if Japan strikes any deal with the U.S. that harms EU interests.

Brittan has said that any deal on the "voluntary" parts-buying plans — even if decided by the private sector and even if they are phrased as applying to any foreign country's parts — would benefit the U.S. because they resulted from U.S. pressure.

Usually, Brittan has blasted the U.S. for its "unilateral" approach in threatening sanctions on Japan while also taking the U.S. point that Japan must do much more to open its markets and deregulate.

But in his meeting with Hashimoto, according to the MITI official, Brittan made no comment in support of U.S. positions.

Tokyo's Proposal for Geneva Auto Talks Viewed

OW1906082095 Tokyo MAINICHI SHIMBUN in Japanese 19 Jun 95 p 1

[FBIS Translated Text] In an attempt to break the deadlock in Japan-U.S. negotiations on auto and auto-parts sector, the government has come up with a new proposal. The pillar of the new proposal is that Japanese auto makers will voluntarily announce a plan to expand their production overseas. The Japanese delegates will propose such a plan at the subcabinet talks scheduled to start in Geneva on 22 June. Although the plan to expand overseas production is to replace Japanese auto makers' voluntary purchase plan for auto parts, the plan will eventually lead to increasing purchases of auto parts, as requested by Washington.

Moreover, taking into consideration the positions of European and Asian nations, who have warned Tokyo against making concessions to Washington alone, the government will propose increasing the Japanese makers' overseas production on a worldwide scale, including European and Asian nations. With this proposal, the government considers its policy of "not concluding any bilateral intergovernmental commitment" will be maintained.

The government has so far sought measures to break the deadlock in negotiations on auto issues by rejecting the U.S. request to increase numerical targets for auto parts purchases and by "seeking the understanding of European and Asian nations," according to a top MITI leader, as the two basic principles. In the coming negotiations, the Japanese delegates will ask their U.S. counterparts to understand Japan's proposal to expand Japanese makers' overseas production not as intergovernmental commitment but as "nongovernmental voluntary" action.

In this connection, leading auto makers have started preparing their own mid-to-long-term plans to give shape to the government proposal. Toyota Motor Co., for its part, plans to increase its output — about 580,000 produced in North America last year — to 910,000 in 1998 while also increasing local contents of auto parts from the current 65-75 percent. There is a possibility of including in the plan the construction of a third factory in the United States, since the company is studying it as a "future task" to carry out, (according to a Toyota executive).

Moreover, Toyota will also announce a plan to expand its output in European and Asian nations, including an increase in annual output in a factory in the UK to 200,000 from approximately 86,000 last year. However, Toyota does not intend to announce the plan if the U.S. Government sticks to its request for setting up numerical targets. Other manufacturers, such as Honda and Nissan, also say they want "to see how Washington will move" before working out a plan.

Matsunaga Urges Murayama To Resume Auto Talks

OW1706094595 Tokyo TOKYO SHIMBUN in Japanese 16 Jun 95 Morning Edition p 3

[FBIS Translated Text] While vice-ministerial-level talks to find a breakthrough in the Japan-U.S. auto dispute have been set for 22-23 June in Geneva, Nobuo Matsunaga, government representative on diplomatic issues (and former ambassador to the United States) has apparently worked behind the scenes to persuade Prime Minister Tomiichi Murayama to resume the talks, according to a government source on 15 June.

It was on the evening of 8 June that Matsunaga made a strong plea to the prime minister to resume the Japan-U.S. talks. Matsunaga, who visited the prime minister's residence ostensibly to report on results of the security issue conference in the United States, told Murayama about the impression he had received from meetings with political and business leaders — the sources he had developed while serving as ambassador to the United States — and said: "If things go on this way, the United States will go ahead and finalize its decision to impose sanctions against Japan by 28 June."

"If that happens, voices calling for countersanctions against the United States will rise within Japan, and the auto issue will have a bad impact on the overall Japan-U.S. relations."

He warned strongly the problem might become more than simply a Japan-U.S. economic issue, saying: "It is highly likely the talks based on the World Trade Organization (WTO) dispute settlement procedures will end in failure, which could be the cause of the United States withdrawing from the WTO. There were many people in the United States who were critical of the WTO right from the beginning."

Around the time of the visit to Murayama, Matsunaga also paid calls on Foreign Minister Yohei Kono and Ryutaro Hashimoto, minister of international trade and industry, to advise them on the desirability of resuming the talks.

Firms Examine Ways To Avert U.S. Sanctions

OW1606104995 Tokyo ASAHI SHIMBUN in Japanese 15 Jun 95 Morning Edition p 11

[FBIS Translated Text] Japan's auto industry welcomes the resumption of auto talks, taking it as a sign of positive movement toward a resolution of the auto dispute. Since the U.S. Government announced the imposition of 100-percent punitive tariffs on Japanese luxury cars, five major automakers have had to stop exporting or reduce production of their vehicles, thus sustaining de facto damages before the sanctions go into effect.

Of three issues being addressed in the governmental talks, two — concerning expanded imports of finished vehicles and expanded purchases of foreign-made parts — are the ones which primarily concern these private-sector companies. Many intra-industry meetings have been held to discuss how the imposition of sanctions can be averted.

As regards the issue of expanding imports of finished vehicles, several ideas have been suggested — for example, creating an office in the Japan Automobile Dealers Association that will deal with sales of imported cars; and opening up offices within the automakers, the Japan Automobile Manufacturers Association, and the government to handle complaints with respect to expanding sales of imported vehicles.

As for the issue of expanding auto parts procurement, all the automakers are strongly resistant to stepping up their voluntary procurement plans. To expand parts purchases, Toyota Motor Corporation and Honda Motor Company, which intend to increase their production in North America, plan to extend their North American plants' part purchase plans, due to expire in a year or two. Moreover, since total monetary amounts of procurement do not increase because of a decline in prices of individual parts, there is a suggestion for these companies to explain their plans to increase vehicle production in North America and to raise the ratio, rather than the actual cost, of locally-made parts used in production.

The government has already suggested deregulating the use of repair parts. Still, it is questionable whether these three ideas for averting the sanctions will be accepted by the United States as good enough reasons to retract the plan to impose sanctions. The auto companies are hoping that the groundwork for acceptance of their suggestions will be completed before the vice-ministerial talks begin.

Atmosphere 'Change' in U.S. Auto Talks Noted

OW1806153995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 June 95 Morning Edition p 3

[FBIS Translated Text] The Japanese auto industry is hurrying to gather information with hopes that the vice ministerial talks set to begin on 22 June will succeed in "averting U.S. sanctions." While not changing their stand on rejecting the U.S. proposal on upgrading voluntary purchase plans for auto parts, some people in the industry think: "If there are other ways for the private industry to help avert the sanctions, we will think about them" (to quote a senior executive of a major automaker).

The senior executive said: "The Japanese and the U.S. Governments have finally started to look for a landing site."

The Japanese auto industry feels a change in the atmosphere of the bilateral auto talks — from the U.S. position at the Japan-U.S. summit talks and the resumption of the vice ministerial talks.

However, if the "scenario toward an accord," as discussed by the U.S. Government, is one that is similar to upgrading the voluntary purchase plans, the Japanese Government says it "will not accept it even if it means the United States' imposing sanctions." Many people in the industry said that "there is still considerable likelihood that the United States will impose the sanctions."

All five automakers, which were listed as targets for U.S. sanctions, have already started reducing production of the luxury models on the sanctions list. With the plant operating rates having dropped, the people of the industry complain: "Damage has already started."

If the two governments reach an accord "sans voluntary purchase plans," the industry wants to cooperate with the U.S. industry. But there are limitations to what the industry can do, of course. For instance, since the U.S. auto market growth has been slow, it is difficult for these Japanese companies to expand production drastically in the United States.

Tokyo Mulls Easing Vehicle Inspection Rules

OW1906090395 Tokyo MAINICHI SHIMBUN in Japanese 17 Jun 95 Morning Edition p 1

[FBIS Translated Text] The government has begun studying the possibility of further easing regulations concerning the mandatory Japanese vehicle inspection system by "separating inspection from maintenance." It intends to propose this new deregulation plan to the United States in a bid to break the deadlocked negotiations over the automobiles and auto parts sector under the bilateral framework trade talks. The United States has asked Japan to carry out this step but the Ministry of Transport [MOT] has expressed strong opposition to the idea. To propose this plan to U.S. negotiators at subcabinet-level talks scheduled to begin on 22 June, top MOT, Ministry of International Trade and Industry, and Ministry of Foreign Affairs officials plan to hold meetings after the Halifax summit to coordinate matters. Since this plan is intended to be the "main feature" of the Japanese compromise proposal, it is possible that substantial progress may be made in the stalled automobile negotiations.

Under the current Japanese vehicle inspection system, a large majority of car owners who need their vehicles inspected have to arrange for simultaneous inspection and maintenance at designated shops (privately run vehicle inspection stations). The United States claims that since this practice shuts out U.S. auto parts from the Japanese market, it wants Japan to set up a new system under which car owners can simply arrange for inspections exclusively.

Hatakeyama Defends Tokyo's Position in Auto Row

OW1806082895

[FBIS Editorial Report] Tokyo FNN Television Network in Japanese at 2230 GMT on 17 June, in its regular Sunday magazine "News 2001" program, carries a 24-minute live panel debate on the Japan-U.S. auto dispute on the theme: "Ruptured Talks; Japan, U.S. in Death Match?" [preceding two words in English].

The debate, moderated by FNN Newscaster Yuji Kuoiwa, is joined in the FNN studio by Noboru

Hatakeyama, former deputy minister of international trade and industry; Tsutomu Hata, former prime minister and current vice president of the New Frontier Party; Andrew (Kard), managing director of the American Auto Association; Kenichi Takemura, political commentator; and, via satellite hookup, Charles Lake, former chief of the Japanese Department in the U.S. Trade Representative's office.

Newscaster Kuroiwa begins by asking former Prime Minister Hata: "What do you think of the Murayama diplomacy?"

Hata says: "I must say, with regret, that it is not very clear." He added that other countries could not see "the face of Japan" because of poor diplomacy.

Kuroiwa then asks U.S. auto industry representative (Kard) if what the United States really wants from Japan in the auto talks is a numerical target.

(Kard) says: "We are not looking for a numerical target. What we want is access to the Japanese market."

Kuroiwa turns to former Deputy Minister Hatakeyama and asks for his comment.

Hatakeyama says: "They constantly insist they are not demanding a numerical target. They may say that, but at the actual talks, they demand numerical targets, insisting Japan step up voluntary plans or announce the number of dealers that will handle foreign vehicles in the future. Mr. (Kard's) assertion that the United States is not demanding a numerical target is wrong."

Commentator Takemura joins in at this point and asks Hatakeyama: "But Japan's priority is exports, is it not?" He adds, in English, "Fundamentally different is our attitude."

Hatakeyama says: "That is not so at all. We are importing. We have even taken measures to reduce taxes to encourage imports."

He says U.S. industry is not making enough of an effort to sell in Japan: "For instance, European vehicles have made their way into the Japanese market, and they hold 5.6 percent of the market, double the share held by the U.S. vehicles. The reason why they have done so well is because European companies have invested and have formed dealership networks."

Hatakeyama says American automakers do not want to invest in dealership networks and are trying to get into the Japanese market "with the help of political power" in Washington.

He adds that there is still the problem that most U.S. cars are not made for the right-hand drive market.

He says: "There are only two models which are right-hand-drive, and they came into Japan only in April 1993."

(Kard) notes that U.S. automakers are making many right-hand-drive vehicles in Europe. He says increased imports are good for Japan's consumers.

Hatakeyama says the U.S. industry's primary interest is the U.S. market, not the Japanese.

He adds: "As long as the U.S. auto industry wants to sell to Japan only the products left over after selling in the United States, they cannot say they are providing good service to Japan's consumers. Mr. (Kard) said Japan's consumers will benefit from the U.S. automakers' services. That is not true. The American automakers care about the U.S. market, but not about consumers in Japan."

Toyota To Boost Production in North America

OW1906082595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 18 Jun 95 Morning Edition p 1

[FBIS Translated Text] In bid to break the stalled Japan-U.S. automobile talks, Toyota Motor Corporation has firmed up plans to publicize measures to increase automobile production in North America voluntarily. Toyota does not consider this an extension of the existing voluntary auto parts procurement plan, and it intends to reiterate its basic attitude to raising the local content ratio for cars produced in the United States and boosting local production. Toyota is also likely to incorporate in its new plan the possibility of building a new factory in the United States.

Toyota plans to publicize its plan after company officials discuss the matter with International Trade and Industry Minister Ryutaro Hashimoto, who will be returning to Japan early next week.

However, Toyota does not intend to disclose the plan if the U.S. Government continues to insist on "numerical targets," such as on auto parts procurement, or if other major Japanese automakers disagree with the idea. While it monitors moves by the United States, Toyota plans to continue coordinating with the Ministry of International Trade and Industry [MITI] right up to the last moment.

Its voluntary plan is a business project covering its operations in North America, with 1998 set as the target year. While Toyota has already announced plans to increase automobile production to 790,000 units in 1996, the company also plans to expand its passenger vehicle factory in Canada in August 1997, with projected output of 900,000 units in North America by 1998.

Toyota's long-range plan is to establish a position in North America at which it will be producing one million automobiles a year. In the United States Toyota operates, together with General Motors (GM), the "NUMMI" [New United Motor Manufacturing Inc.], a joint-venture factory (located in California). The company also runs on its own "TMM" [Toyota Motor Manufacturing U.S.A. Inc.], a passenger vehicle factory (located in Kentucky). Under its proposed new voluntary plan, Toyota also intends to consider the possibility of building a third factory at which it would produce its luxury car the "ES-300" (known as the Windom in Japan) and a small truck called the "T-100."

The U.S. Big 3 automakers may show some concern at this idea because no site for a third factory has been identified, nor is prospective demand for the vehicles it would make by any means certain. Toyota, therefore, intends to use abstract expressions in its planned announcement, refraining completely from making explicit references to when it will build the new factory nor to what sort of vehicles it plans to build there.

The local content ratio for vehicles made at the TMM is 75 percent (as of the end of June 1994). It hopes by 1998 to increase the figure to about 80 percent. The U.S. Government considers Toyota's intention to raise local content ratio a "compromise proposal," though according to a top company official, Toyota "does not mind, because it was already a part of the business project."

The company has determined that increasing the local content ratio to the projected level is feasible because machine processing of its 3-liter V-6 engines will begin at the TMM in 1996.

However, Toyota does not intend to disclose its new plan if the United States presses Japan on the issue of numerical targets.

Company officials said: "No disclosure will be made by Toyota alone."

Attention, therefore, is likely to be focused on efforts by MITI and head officials of the five major Japanese automakers to coordinate matters in view of the 22 June subcabinet-level talks between Japan and the United States. Among the five major Japanese automakers, Honda Motor Co., Ltd. has plans to increase automobile production in North America.

It is seen, therefore, that Honda may be able to announce its plan as voluntary. At the moment, Nissan Motor Co., Ltd. and Mitsubishi Motors Corporation are withholding disclosure of their attitudes to voluntary plans, maintaining they "want first to ascertain the negotiating attitude of the United States."

Murayama Holds News Conference at Halifax

OW1706022195 Tokyo NHK General Television Network in Japanese 2034 GMT 16 Jun 95

[News conference by Prime Minister Tomiichi Murayama with unidentified Japanese moderator and domestic and foreign correspondents in Halifax, Canada — live; passages in italics in English]

[FBIS Translated Text] [Moderator] We now begin a question and answer session. This news conference ends at 1800. First, the dean of the press corps accompanying the prime minister, please go ahead.

[Tachihara, JIJI PRESS] I would like to know whether you think Japan's assertions were fully reflected in the economic declaration. In particular, what about Japan's stance on the yen-dollar exchange rate and trade issues? I would like to ask you what effects the declaration will have on the strong yen and trade issues, including the auto dispute. Also, this was the first time you participated in economic talks. Could you tell us about your impression of discussions with other G-7 leaders?

[Murayama] As I said earlier, I actively participated in the discussion on the review of international organizations. In the discussion I stressed that G-7 nations should cooperate in achieving the sustainable growth of the world economy without inflation, strengthening the multilateral free trade system, and helping developing countries achieve continued progress. In particular, with a view that the recent violent fluctuation in foreign exchange rates in the markets has had negative effects on economic development, I asserted that each G-7 nation should continue policy efforts in accordance with the agreement reached in April at a meeting of G-7 finance ministers, and that it was necessary for the member nations to realize an orderly reversal of foreign exchange rates through cooperation in foreign exchange markets. As a G-7 leader, I supported the idea of including in the economic declaration the results of the G-7 finance ministers' meeting in April. As a result, a passage was included in the declaration urging G-7 finance ministers to work to maintain policy coordination and close cooperation in foreign exchange markets. Also, in connection with the review of international organizations, we discussed measures to be taken by international financial institutions to prevent monetary crises, such as the crisis in Mexico. Because Asian countries have shown great interest in this issue, I stated that it was important to establish a system for early prevention of monetary crises in the IMF and other international organizations, and to set up a system of the IMF providing emergency loans to countries facing a crisis. In this regard, G-7 leaders agreed that the IMF should have a system of providing emergency loans. The agreement has been included in the economic declaration.

We have discussed such issues. In the discussions, I was asked how free trade issues would affect the Japan-U.S. auto dispute. I have confirmed that G-7 leaders agreed that the bilateral dispute should be settled in accordance with WTO rules, and that the G-7 nations should observe the rules.

[Moderator] Please, next question. Identify yourself, please.

[Norid, NEW INTERNATIONAL OXFORD] *Japan presented a splendid paper to the summit. At the summit, Japan announced that it would establish a fund for women who were victimized by the war. A conference on women will be held in Beijing in September this year. How does Japan plan to deal with the conference?*

[Murayama] At the Japan-U.S. summit talks, I mentioned this subject and I have continued to mention it. At the summit, I said Japan would vigorously help developing countries resolve problems involving their women, and this is a task on which Japan has worked extensively. As you know, the conference on women will be held in Beijing in September. Japan is fully aware of the importance of the conference and will make vigorous efforts to make the conference a success.

[Moderator] Next, a Japanese correspondent will ask questions.

[Kito] The summit issued a statement on Bosnia last evening. Mr. Prime Minister, would you explain Japan's plans for financial assistance? If the Japanese ask why Japan needs to provide financial assistance to Bosnia, which is far away from Japan, how are you going to persuade them?

[Murayama] The question is not whether Bosnia is far away from or near Japan. Japan is deeply concerned about the worsening Bosnian situation. Japan's position is that the conflict in the former Yugoslavia cannot be resolved by force. The government plans to vigorously cooperate in resolving the conflict there while backing efforts by UN representative Akashi and UNPROFOR [United Nations Protection Force] to bring peace to the former Yugoslavia. Recently, Foreign Minister Kono visited Croatia and Japan has been making its own diplomatic efforts. As to what sort of burden Japan should shoulder to help end the conflict in the former Yugoslavia, the government will make its decision after consulting with nations concerned on the basis of a resolution adopted by the UN Security Council. I believe that the sort of burden Japan should shoulder will be decided in the course of consulting with those nations. I believe that Japan should take necessary means.

[Moderator] Please, next question.

[Unidentified correspondent] *Mr. Prime Minister, you stated just a while ago that an agreement was reached in the summit on the abolishment of protectionism. I would like to ask you a question in connection with this. What will the Japanese Government do to put the agreement into practice?*

[Murayama] Looking back on discussions held in the Uruguay round and the WTO, liberalizing the economy and trade has become a worldwide trend. Many nations are working on how to liberalize the economy and trade. Japan is determined to promote the liberalization of trade, and Japan's position is that protectionism runs counter to liberalization and that no nation should embrace protectionism.

[MacDonald, ASSOCIATED PRESS] *You mentioned in the opening statement at this news conference that Japan will seek to settle trade disputes with its trading partners in the WTO. Mr. Prime Minister, how are you going to settle the current trade dispute with the United States.*

[Murayama] At the summit, a participant spoke of trade disputes. The summit did not take up bilateral issues. G-7 leaders promoted discussions with the understanding that the auto issue should be dealt with by the two countries and it should not be discussed at the summit. All WTO member nations have promised to live up to international rules on the settlement of trade disputes which have been laid down by the WTO, and I believe that no objection can be raised to Japan's plans to settle the trade dispute with the United States in the WTO.

[Yamada, ASAHI SHIMBUN] My question is related to the last question. I understand the summit is a forum for the exchange of frank opinions by nations' top leaders. But the summit this time did not want to discuss the bilateral issue of economic friction. Japan now has before it this trade problem, and you, prime minister, once declared that it is irrational that the United States should take unilateral action. Since that is the case, why did you not bring up the matter in the summit?

[Murayama] As I said earlier, if the automobile and auto parts issue between Japan and the United States was taken up at the summit, the G-7 leaders could not discuss matters of common interest. As such, both President Clinton and myself thought the issue was not a subject to be taken up at the summit.

[Yamada] Protesting against unilateral action is not something that should concern only Japan and the United States. It is really a question involving international rules. Seeing that a unilateral action is about to take place, why did you not speak up in the summit and say such an action is unjustified?

[Murayama] There was a common understanding on that issue. If that issue was taken up in the meeting, then discussions would be held only between Japan and the United States. Hence, there was a prior understanding that the issue should not be taken up in the meeting. Talks are scheduled for 22 and 23 June in Geneva, and WTO procedures will be discussed there. Apart from these talks, vice- ministerial-level negotiations will be held. There is an agreement that both countries should make efforts to find a breakthrough and to resolve the issue through dialogue. That is why there was no reason for the matter to be taken up in the summit.

[Moderator] Next question, please.

[Wale Kants, WORLD MEDIA TRIBUNE CANADA] *Four of the five permanent members of the Security Council belong to the G-7, but the biggest contributors to the United Nations are Japan and Germany. Next year, a UN secretary general will be appointed. Do you have a plan to play more representative — more positive — role in the United Nations?*

[Murayama] Fifty years have passed since the United Nations was inaugurated. In the meantime, the number of member nations has increased considerably, and the objective situation has changed much as well. In order to make it possible for the United Nations to fulfill its functions under the changed situation, I think the United Nations needs to be restructured. I understand that there is now a working group discussing and making progress on the issue of reforming the UN Security Council. There are also the questions of how the UN Security Council should be reformed and how the financial burdens should be apportioned. In the area of the Economic and Social Council, there are such global issues as the environment, population, food, AIDS, drugs, and so forth. I think the United Nations should be reformed to perform more effectively in dealing with these issues. These are common goals.

But countries hold different positions. Therefore, I think the reform cannot be accomplished in a short period of time. But I think the countries share the common understanding that ceaseless efforts should be made to reform the United Nations toward that direction.

[Moderator] Next question, please.

[Uchida, ASAHI TV] One year is about to pass since the beginning of the Murayama government. Since its inception, the government has taken up deregulation as a priority policy target to pursue. Reporters like us who are stationed abroad often hear complaints that even though deregulation has been talked about throughout the Japanese Government, there has been no progress in deregulation that would contribute to opening up Japan's markets. We are embarrassed by such complaints. Could you tell us why no progress has being made? If pushing deregulation forward is a grave concern for the prime minister, could you tell us what you plan to do?

[Murayama] When our government started, we promised to make deregulation a priority task. We have since selected 1,069 projects to be deregulated. Our original plan was to complete deregulation of these projects over the next five years, but we have since decided the plan should be front-loaded and should be completed in just three years — as an urgent measure to address the problem of the recent surge in the value of the yen.

Now there is also in operation an Administrative Reform Council made up of private citizens. The council has a subcommittee for deregulation which has the duty of monitoring the progress of deregulation and making necessary recommendations to the government in this regard. The deregulation plan is required to be reviewed at the end of each year so that the opinions of people abroad and at home are better reflected in the plan and so that deregulation is promoted more effectively.

I believe the deregulation programs should be and can be implemented.

[Moderator] Next question, please.

[(Johanursig]) *I am a Swedish journalist. Mr. Prime Minister, was any decision made at the G-7 summit on taking measures to make the yen less strong?*

[Murayama] As I stated just a little while ago, the impact of the sharply appreciated yen on Japan's economy is very grim. The G-7 finance ministerial talks have confirmed that the current exchange rates among major currencies do not reflect economic fundamentals and that it is desirable to make a necessary reversal in those exchange rates. The industrialized nations of G-7 have dealt with the issue of the drastically appreciated yen and foreign exchange rates on the basis of the confirmation. I have hardly found an effective means to keep the yen from sharply appreciating. I believe that it is extremely difficult to keep the foreign exchange rate stable. The industrialized nations of the G-7 have been affected economically by the fluctuating exchange rates. I believe that for the time being, the only way for those nations to keep their exchange rates stable is to cooperate with each other. I also believe that those nations should make their own efforts to keep the exchange rates stable while cooperating with each other.

As you just pointed out, the Japanese Government should work hard to cut Japan's trade surplus in order to keep Japan's trade with its trading partners in balance. At the same time, other industrialized nations also should work hard to do what they have to do. I believe it is important that all the industrialized nations cooperate with each other and make efforts to keep their foreign exchange rates stable.

[Moderator] This will be the final question. Next please.

[Ishida] In connection with Russian issues, just a while ago you said that Russia should promote not only economic reform, but also political reform. What do you think of the present Russian situation? What do you think of the political reform in Russia? Is there any possibility that Japan will alter its policy on economic aid to Russia?

[Murayama] I believe that at present, there is no need to review the policy toward Russia. Though we have no accurate information on the Chechen situation, some news reports have concerned us. Japan hopes that both Russia and the breakaway republic of Russia will make efforts to end their current conflict peacefully, one way or another. President Yeltsin will attend a meeting this evening and I intend to ask the President to comment on how he is going to deal with the Chechen situation. At the same time, I believe that the industrialized nations of the G-7 should discuss how they should cooperate with Russia after hearing how President Yeltsin is going to promote economic and political reform. My view is that Japan does not need to alter immediately its policy toward Russia.

[Moderator] Then, I would like to declare the end of this news conference. Thank you very much.

[Murayama] Thank you very much.

Mitsubishi Protests AAMA 'Distorting' Remarks

OW1906122195 Tokyo KYODO in English
1156 GMT 19 Jun 95

[FBIS Transcribed Text] Tokyo, June 19 KYODO — Mitsubishi Corp. said Monday [19 June] it has protested to the American Automobile Manufacturers Association (AAMA) for distorting remarks by its president, Minoru Makihara.

The Tokyo-based General Trading House said a distortion of Makihara's remarks were used in an advertisement placed by the association in the June 13 edition of the WASHINGTON POST.

The company said Makihara in a statement carried in national Japanese dailies June 8 that generally speaking the Japanese market is closed, making it necessary to implement deregulation.

The AAMA, however, distorted his statement and quoted him in the ad as confirming that everyone knows the Japanese market is closed to foreign automobiles, the company said.

It said the protest, made in Makihara's name, was delivered to the U.S. association Thursday.

The AAMA has not responded yet, and the company will consider a legal step if no response is received, according to a Mitsubishi spokesman.

EU's Brittan on Tokyo-Washington Auto Dispute

OW1706041795 Tokyo KYODO in English
0348 GMT 17 Jun 95

[FBIS Transcribed Text] Halifax, Canada, June 16 KYODO — The European Union (EU) warned Japan and the United States on Friday [16 June] not to reach an agreement in their auto trade dispute on the basis of U.S. threats of retaliation.

"I hope it is resolved amicably but not in a way that jeopardizes our interests or our wider interests in upholding the credibility of the world trading system," European Commission Vice President Leon Brittan told a press conference after the second day of the Group of Seven (G-7) summit in the Canadian port city of Halifax.

Brittan, who also heads the EU's trade affairs, has voiced opposition to agreements leading to managed trade, while insisting that any Japan-U.S. auto accord resulting from unilateral U.S. sanctions would prompt Japanese automakers to favor the United States and disregard Europe.

He has warned that if the two parties reach such an accord, the EU will refer the case to the World Trade Organization (WTO) and seek to have it judged as unfair bilateral trade.

Brittan met separately Friday with his counterparts — Japan's International Trade and Industry Minister Ryutaro Hashimoto and U.S. Trade Representative Mickey Kantor — who he said "gave their versions" of the issue.

The EU trade chief noted that he called on Hashimoto and Kantor to resolve their differences through WTO dispute settlement procedures.

He made the comments a day after U.S. President Bill Clinton and Japan's Prime Minister Tomiichi Murayama agreed to "redouble" efforts to resolve the dispute at subcabinet-level negotiations June 22 and 23 in Geneva.

However, the two leaders remained split over proposed U.S. sanctions, which Clinton stressed he is determined to impose if no deal is made by June 28 and which Murayama insists the U.S. must drop.

Washington has issued a preliminary sanctions list targeting 13 Japanese luxury car models with 100 percent tariffs, affecting 5.9 billion dollars worth of business. They are designed to go into effect retroactive to May 20 if Japan fails to yield to U.S. demands by June 28.

Given the retaliatory threat, Japan has filed a complaint with the WTO.

The EU attended summit discussions which produced an economic communique on the second day before moving on to political talks.

The G-7 nations are Britain, Canada, France, Germany, Italy, Japan and the U.S.

European Commission President Jacques Santer told the same press conference that the communique "recognizes the need to act on financial imbalances and monetary fluctuations which have had a negative impact on jobs, growth and trade."

Ruling Coalition Parties Praise G-7 Statement

OW1706100195 Tokyo KYODO in English
0908 GMT 17 Jun 95

[FBIS Transcribed Text] Tokyo, June 17 KYODO — Japan's ruling coalition on Saturday [17 June] praised the Group of Seven summit economic communique for reaffirming cooperation on currency markets and determination to fight trade protectionism.

In a statement, Yoshiro Mori, secretary general of the Liberal Democratic Party, hailed the communique for making it clear that the G-7 nations will cooperate closely and act together against rapid swings in exchange rates.

Sakihito Ozawa, a senior member of New Party Sakigake [Harbinger], gave high marks to the communique for reaffirming the G-7 nations' commitment to resisting protectionism in all its forms and implementing the Uruguay Round trade agreements.

Prime Minister Tomiichi Murayama's Social Democratic Party [of Japan] appeared pleased by his performance at the summit in Halifax, Canada.

"He worked calmly and effectively with other G-7 leaders. He stressed what should be stressed and seemed at ease," a senior SDPJ official noted.

G-7 Cooperation in Forex Market Welcomed

OW1706112495 Tokyo KYODO in English
0945 GMT 17 Jun 95

[FBIS Transcribed Text] Tokyo, June 17 KYODO — Japanese business leaders on Saturday [17 June] welcomed the agreement at the Group of Seven (G-7) summit in Halifax, Canada to cooperate in stabilizing currency rates.

Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), expressed hope that the G-7 agreement will lead to a "correction" of the yen's surge against the dollar.

Jiro Ushio, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), praised another summit agreement to strengthen the International Monetary Fund (IMF) to deal with currency crises, saying it would be beneficial to sustained global economic growth.

Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, also welcomed the same agreement, expressing hope that it will lead to stability in the foreign exchange market.

Murayama Leaves Halifax for Summit in Paris

OW1806124295 Tokyo KYODO in English
1211 GMT 18 Jun 95

[FBIS Transcribed Text] Halifax, Canada, June 18 KYODO — Japanese Prime Minister Tomiichi Murayama left Sunday [18 June] for Paris for a bilateral summit with French President Jacques Chirac following a three-day summit of the Group of Seven (G-7) economic powers.

In what will be the first bilateral talks since Chirac was elected president last month, Murayama will urge Chirac to retract his decision to lift the moratorium on nuclear tests decreed by his Predecessor Francois Mitterrand in April 1992, Japanese officials said.

Before leaving for the Halifax summit, Chirac announced Tuesday that France will resume underground nuclear testing in September on Mururoa Atoll in the south Pacific.

That decision was quickly criticized by various countries around the world, who expressed concern it may lead other nuclear weapon states to end the moratorium on testing observed over the past years.

Britain, Russia and the United States continue to observe the moratorium, while China recently resumed nuclear testing. But pressure is reportedly mounting in both Russia and the U.S. to resume testing.

In his talks with Chirac, Murayama will express Japan's strong regret at France's decision to resume nuclear testing, while stressing the importance that Tokyo awards to good bilateral relations, the officials said.

Murayama will further call for expanding bilateral cooperation on the global scene, they said.

In Paris, Murayama is also scheduled to meet French Prime Minister Alain Juppe and discuss Japan's relations with the 15- nation European Union (EU) in talks with European Commission head Jacques Santer.

The last top-level Japan-EU talks date back to the 1993 G-7 summit in Tokyo. Since France currently presides over the EU, Chirac is expected to join the Murayama-Santer talks.

Murayama will reconfirm the EU's opposition to the U.S. theatening sanctions against Japan in a longstanding trade dispute over auto and auto parts.

Murayama will welcome the EU's new Japan strategy, adopted at an EU foreign minister meeting in May, and present Tokyo's understanding of the document.

The talks will also touch on an expansion of political dialogue between Japan and the EU, and a first-ever Asian-European leaders summit scheduled for next March, the officials said.

Editorial Urges G-7 Policy Implementation

OW1906082495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 18 Jun 95 Morning Edition p 2

[Editorial: "G-7 Coordination: No 'Prevention of Crisis' Is Possible Without Policy Implementation"]

[FBIS Translated Text] The present summit of leaders of advanced countries, held 20 years after the first summit was held in Rambouillet in 1975, also coincides with the 50th anniversary of the end of World War II. The summit issued an economic communique embodying a scenario for coordination toward the 21st century. This document advocates reforming and strengthening international organizations' functions. It also emphasizes the commitment to the prevention of protectionism through the World Trade Organization (WTO), which was just launched this year.

However, the "communique" also betrays a sense of crisis with the factors of uncertainty in the present world economy. It warns that: "Internal and external imbalances, together with unhelpful fluctuations in financial and currency markets, could jeopardize achieving sustained, noninflationary growth, as well as the continued expansion of international trade."

For this reason, the G-7 communique also includes concrete proposals to strengthen economic surveillance systems and improve early warning systems to forestall crises, such as the creation of an emergency financing mechanism and doubling the amount available under the General Agreement to Borrow (GAB) in the IMF.

However, the most important prerequisite to "crisis prevention" is the correction of existing imbalances. To do this, it is necessary that the G-7 nations implement the policies they pledge at the annual summits and during the ad hoc meetings of finance ministers and central bank governors. The reason the "communique" has to stress something as mundane as "each country has to keep its own house in order" is because even mundane things are not being implemented.

The imbalances the summit talked about have changed structurally over the past 20 years. At first, the important issue was correcting the imbalance between oil producing and oil consuming countries. In the eighties, the imbalance among the G-7 nations themselves was emphasized. This was symbolized by the 1985 "Plaza Accord."

However, at the time of the "Plaza Accord," West Germany, which used to enjoy a huge surplus like Japan, had transformed into a deficit country after its unification. As a result, Japan and the United States were singled out as the extremes of surplus and deficit countries, respectively.

Since the summit is usually also a political show that the participating leaders put up for their people, the "communique" rarely singles out any specific country and criticizes its policies. Yet, the other nations' resentment against Japan, which has not achieved any economic growth but continues to have huge current account and trade surpluses; and the United States, which has been unable to take any effective policies to reduce its deficits and suffers from a persistent shortage of savings and a growing deficit in its international balance of payments, is perceptible.

These two nations are now on a collision course at the new-born WTO over the automobile issue. It is quite understandable that the other advanced nations should be concerned.

According to the OECD economic forecast as of last April, Japan's expected economic growth rate in 1994 is a meager 0.5 percent, much lower than the 4 percent for the United States and 2.4 percent for Europe. In 1995, Japan's growth rate will be 1.6 percent, still lower than the United States' 3.3 percent and Europe's 3 percent. That is why there are criticisms that the reversal in growth rate, together with the closed nature of the

Japanese market or its business practices, contributes to the growing current account surplus.

Once again, Japan's homework will be a comprehensive examination of its macroeconomic and structural policies.

Editorial on Murayama-Clinton Summit Meeting

OW1906114095 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 Jun 95 Morning Edition p 2

[Editorial: "Japan-U.S. Relations Still Look Less Important"]

[FBIS Translated Text] A Japan-U.S. summit meeting between Prime Minister Tomiichi Murayama and U.S. President Bill Clinton was held prior to the industrialized nations' summit talks. As feared, the auto dispute cast a shadow over the meeting. Although the topics for discussion at the meeting covered a wide range, the leaders failed to enter into detailed discussions, and it turned out to be an extremely poor meeting for a summit between two major economic powers.

"At the meeting, we focused our discussions on strengthening Japan-U.S. relations," according to President Clinton. Prime Minister Murayama said: "Fifty years after the war, Japan and the United States are strongly bonded by cooperation and harmony."

At a news conference held after the summit meeting, the top leaders of both countries stressed, in particular, "good relations" between the two countries. However, there was no sign of their intention to strengthen bilateral relations. The news conference exposed the fact that both countries still maintain opposing positions on the auto issue. It seems that neither leader intentionally avoided negotiations on the auto issue to keep bilateral relations from getting worse. Instead, their way of conducting discussions at the meeting did not mesh, and they shelved the negotiations and left everything up to a vice-ministerial meeting scheduled for 22 and 23 June. The United States is still hinting at the possibility of imposing sanctions by setting a deadline of 28 June, and Japan is simply criticizing it. This pattern has not changed at all, even at the summit meeting.

We cannot help saying that both countries used the precious summit meeting for nothing.

We believe that the two countries have gone through hardly any period in the post-war era in which their relations looked less important. For a brief period, both countries talked about forming a global partnership or creative partnership.

Forming a global or creative partnership was desirable as a matter of course because the world had changed rapidly, and cooperation between the two major economic powers had become more important than before in global terms.

However, the serious discord between Japan and the United States has become a cause of instability in the entire world. The international currency situation has become structurally unstable, while a huge imbalance in trade and current account payments continues to exist between the two countries.

The one-sided U.S. stand, based on imposing sanctions, clearly violates the international rules of trade negotiation. Still, the confrontation between Japan and the United States is jolting the foundation of the newly formed World Trade Organization (WTO). Japan will host the Asia-Pacific Economic Cooperation (APEC) conference in November of this year. Nevertheless, the recent Japan-U.S. summit does not indicate that the two countries are cooperating with each other in preparation for the APEC.

In the field of trade, both countries are faced with the issues of market access and the trade imbalance. Although appropriate macroeconomic measures are indispensable for a revision of the overall trade imbalance, both Japan and the United States are failing to coordinate their macroeconomic policies seriously. Because of this, the auto dispute, which is a separate microeconomic issue, is mixed with the two main issues. As a result, both countries are making a useless political fuss over the auto dispute.

What we have to be concerned about is that the political fuss is damaging the "close Japan-U.S. relations" to which both leaders attach importance.

Regardless of how the auto dispute is solved, it is certain that the recent movements both countries made before the summit meeting made Japan-U.S. relations look less important. This is regrettable.

It is even more regrettable that neither leader seemed to realize it at all.

Tokyo Urged To 'Deal Sternly' With France

OW1606120695 Tokyo ASAHI SHIMBUN in Japanese 15 Jun 95 Morning Edition p 5

[Editorial: "The Nuclear Test Is a Challenge To the World"]

[FBIS Translated Text] French President Chirac has announced that France will resume its nuclear tests. France is reportedly planning to conduct eight nuclear tests from September to May next year.

The French president's announcement of resumption of nuclear tests is a flagrant challenge to the world trend under way to halt the proliferation of nuclear weapons. France's resumption of nuclear tests is not an issue that can be left untouched. We hope the Japanese Government will deal sternly with France's resumption of nuclear tests.

The UN Disarmament Conference is being held in Nagasaki on the occasion of the 50th anniversary of the dropping of atomic bombs on Nagasaki and Hiroshima. The French president made the announcement at a time when experts from around the world are discussing ways to abolish nuclear weapons. One participant after another at the conference criticized and denounced the insensitivity of the French president's decision to resume nuclear tests. It was a matter of course for them to do so.

For now, the powers monopolizing nuclear weapons are not showing any willingness to go along with the worldwide demand for the abolishment of nuclear weapons. A high-ranking French Foreign Ministry official now attending the UN conference stressed the superiority of France's nuclear deterrent capability and explicitly stated that France would continue nuclear tests at the time the Comprehensive Test Ban Treaty (CTBT) is signed. A representative from China, which conducted nuclear tests in May this year, explained how Beijing had restrained its nuclear tests but implicitly suggested that Beijing does not intend to halt its nuclear tests until the CTBT goes into effect.

Why are France and China continuing nuclear tests? It is because they lag behind other nuclear powers in nuclear technology. In the past, the United States and the former Soviet Union conducted countless nuclear tests and this made it possible for them to build a variety of nuclear weapons through the accumulation of nuclear technology. The two nuclear powers are now able to maintain a certain level of nuclear war capability without conducting nuclear tests thanks to the development of simulation technology. But France and China lag behind the United States and the former Soviet Union in those fields.

Another reason prompting France and China to scramble for nuclear tests is the insufficient document that was adopted when an indefinite extension of the Nuclear Non-Proliferation Treaty (NPT) was decided on in May this year. The document called for a "conclusion of negotiations on the CTBT by 1996 and urged the nuclear powers to restrain nuclear tests as much as possible until the CTBT is put into force." A German ambassador in charge of disarmament stated at the UN conference "we regret France's decision to resume its nuclear tests, but the country holds a legal right to conduct them."

Looking at this situation, we cannot help but say that the root of the nuclear test issue is deeper than we thought. It is hard to condone nuclear tests by France and China. France plans to conduct eight nuclear tests, one a month, in the South Pacific; it is even harder to condone French plans to conduct nuclear tests far from France.

Castigating France and China alone does not open prospects for the abolishment of nuclear weapons because they lag behind other nuclear powers in nuclear technology. We should also keep watching the United States and former Soviet Union, which are able to retain the status of nuclear powers without conducting nuclear tests.

At this point, we are disappointed with the attitudes taken by the United States and Russia at the UN conference. We believe that the two countries must stand at the forefront of nuclear disarmament in return for global acknowledgment of them as permanent possessors of nuclear weapons. At the Nagasaki conference, the United States and Russia did not vigorously advocate the need to hold negotiations on the reduction of new strategic weapons. What they advocated is that "dismantling nuclear weapons costs a huge amount of money and requires a long time."

What we can point out at the end of the UN Disarmament Conference is that five nuclear powers may feel at ease with the indefinitely extended NPT and forget their obligations to reduce their own nuclear weapons. Meanwhile, the criticism of non-aligned nations and non-nuclear nations against the nuclear powers at the conference was lackluster compared to their criticism in past UN disarmament conferences, and lacked details.

If their toned-downed criticism stems from their feeling of resignation following the indefinite extension of the NPT, this is a great problem. It has become increasingly difficult to argue a logical justification for nuclear weapons following the end of the Cold War and this fact must not be overlooked.

Yeltsin Thanks Murayama for Quake Aid

OW1806025495 Tokyo KYODO in English
0237 GMT 18 Jun 95

[FBIS Transcribed Text] Halifax, Canada, June 17 KYODO — Russian President Boris Yeltsin personally thanked Japanese Prime Minister Tomiichi Murayama on Saturday [17 June] for Japanese aid to quake victims on the Russian far east island of Sakhalin, Japanese officials said.

"We are greatful for Japanese assistance in the Sakhalin quake," Yeltsin was quoted as saying in a short exchange with Murayama during a luncheon concluding a three-day summit of leaders from the Group of Seven economic powers in Halifax, Canada.

Yeltsin last month caused an uproar in Japan when alleging that Tokyo might use its offer to aid people in the quake-ravaged town of Neftegorsk in northern Sakhalin to extract concessions in a long-standing territorial row over four Russian-held islands off Hokkaido.

Following strong protests from Japan, Yeltsin later said he regretted the comment.

On Saturday, Yeltsin's remark came in response to Murayama's expression of gratitude for Russian assistance to Japan in the aftermath of the great Hanshin earthquake that hit Kobe and its vicinity in January, the officials said.

Kono, Hurd Discuss Russian Democratization

OW1606152995 Tokyo KYODO in English
1514 GMT 16 Jun 95

[FBIS Transcribed Text] Halifax, Canada, June 16 KYODO — Japanese Foreign Minister Yohei Kono on Friday [16 June] expressed doubts about the democratization process in Russia in light of developments in Chechnya, according to Japanese officials.

Kono told British Secretary of State for Foreign Affairs Douglas Hurd at a bilateral meeting, "I can't understand threatening measures by Russian President (Boris) Yeltsin. I'm concerned whether Russia is heading toward democratization," the officials said.

Kono also told Hurd that Moscow is taking different approaches toward European and Asian nations, referring to Russia's recent shooting against Japanese fishing vessels in northern seas, they said.

Kono was quoted as saying, "Japan is supporting Russia's economic reform with taxpayers' money. It's not aid for Russia to return to being a big power."

While echoing concern over the Chechen situation and opposing Moscow's "big power approach," Hurd told Kono that a better relationship between Japan and Russia is important for the world, they said.

Yeltsin is to arrive in the Nova Scotia port city on Friday afternoon to attend a political session of the Group of Seven (G-7) leaders.

'Source': DPRK Preparing To Test Missiles

OW1906042295 Tokyo SANKEI SHIMBUN
in Japanese 19 Jun 95 Morning Edition p 1

[FBIS Translated Text] A government source disclosed on 18 June that North Korea is preparing to test fire missiles. This information was passed on by the U.S. Government to the Japanese Government after a U.S. reconnaissance satellite detected such moves. It is said that test launching may be conducted as early as before the end of June.

According to this source, a U.S. reconnaissance satellite detected cranes and trucks carrying missiles to be test fired at a North Korean military base recently.

North Korea carried out test fires into the Sea of Japan in May 1993, May 1994, and last March. It is believed that the DPRK is now in the midst of preparations for another round of test launches to coincide with the period of fair weather conditions in the Sea of Japan.

North Korea reportedly launched "Nodong-1" ballistic missiles in May 1993, and Chinese-made "Silkworm" anti-ship missiles in May 1994 and March 1995.

However, since conditions are becoming ripe for the resumption of Japan-North Korea negotiations on the normalization of diplomatic relations after the DPRK reached agreement with the United States on the supply of light water reactors to North Korea, some observers claim the DPRK "may not undertake actual test firing, but will only stop at jet-propulsion tests."

On the other hand, a Foreign Ministry source says: "It will not be surprising if the [North Korean] military carries out test firing as usual, based on its own line of reasoning."

Official: Tokyo Ready To Ship Rice to DPRK

OW1906084295 Tokyo KYODO in English
0821 GMT 19 Jun 95

[FBIS Transcribed Text] Tokyo, June 19 KYODO — Japan has rice ready at port for immediate shipments to North Korea, a top Agriculture Ministry official said Monday [19 June].

Japan will provide the rice to North Korea as early as possible when the two countries resolve diplomatic problems related to the food aid, said Toshihiko Tsuruoka, vice minister at the Agriculture, Forestry and Fisheries Ministry.

But Tsuruoka also told reporters that the provision of rice to North Korea to ease its severe food shortage will take considerable time because of uncertain factors such as Pyongyang's capacity to unload rice and the number of ships available for the shipment.

Rice to DPRK, Normalization Talks Viewed

OW1706075695 Tokyo KYODO in English
1345 GMT 16 Jun 95

[FBIS Transcribed Text] Tokyo, June 16 KYODO — Talks between North and South Korea on food aid in

Beijing should allow Japan to provide rice to the north and have a favorable impact on normalization talks between Tokyo and Pyongyang, officials said Friday [16 June].

"It will be of great importance from the viewpoint of not only rice if the north-south dialogue goes smoothly," said Koichi Kato, chief policymaker of the Liberal Democratic Party, one of the three parties making up the ruling coalition.

"It is going into the final phase. In general, it is moving in the right direction," Kato told reporters after reports that South Korea will send a vice minister to Beijing on Saturday for talks with North Korea on food aid.

Last month, a North Korean trade official visiting Japan asked for rice to help overcome a grain shortage, prompting South Korea to urge Japan to wait for Pyongyang to reach an agreement on food aid first with Seoul.

On Friday, Farm Minister Taichiro Okawara told reporters that Japan could send at least 300,000 tons of rice in emergency aid to North Korea provided South Korea agrees to the project.

"At least 300,000 tons (of rice) could be sent," said Okawara, minister of agriculture, forestry and fisheries.

Apart from its request to Japan, Pyongyang has also asked the UN Educational, Scientific and Cultural Organization to provide 5,000 tons of rice to feed school children, South Korean Government officials said.

Chief Cabinet Secretary Kozo Igarashi reiterated that Tokyo will look into the possibility of supplying rice to North Korea with the understanding of South Korea.

"Our position on this question is we expect such an action to be taken on the back of South Korea's understanding and from a humanitarian point of view," the top government spokesman said at a press conference.

Japan has diplomatic ties with the south but not with the north. Tokyo and Pyongyang began talks on normalizing ties in early 1971, but they broke down in late 1992 when North Korea rejected Tokyo's demands for information about a Japanese woman allegedly kidnapped by North Korean agents.

The ruling parties of North Korea and Japan agreed last March to urge their governments to resume normalization talks soon and they are expected to resume as early as next month.

Tokyo Considers Resuming DPRK Talks in Jun

OW1906134095 Tokyo ASAHI SHIMBUN in Japanese 16 Jun 95 Morning Edition p 2

[FBIS Translated Text] Following a final agreement reached at the U.S.-DPRK (North Korea) talks of senior officials on the issue of providing light water reactors to North Korea, the Japanese Government has concluded that conditions have been created for resuming Japan-DPRK negotiations for normalizing diplomatic relations. The government intends to resume the normalization talks and to soon reply to the North Korea's proposal for "holding talks both in Pyongyang and Tokyo." So far, it has postponed replying. Concerning the timing of resuming the talks, a top Ministry of Foreign Affairs [MOFA] official said on 15 June: "There is still a half month left until the end of this month." He thus indicated the possibility that the two governments will resume the normalization talks as early as this month.

After North Korea proposed in late May mutually hosting talks in both cities, the Japanese Government held consultations on the handling of the issue with the MOFA playing the leading role, and it has already decided to accept the proposal. However, the government was worried that "if North Korea again loads nuclear fuel rods as a result of a rupture of the senior U.S.-DPRK officials talks, it would be impossible to hold Japan-DPRK negotiations" (as stated by a senior MOFA official). Therefore, the government has postponed replying to North Korea to ascertain the developments in the U.S.- DPRK talks in Kuala Lumpur.

With the latest agreement between the United States and North Korea, the framework of the October 1994 U.S.-DPRK accord has been maintained, and moves toward dispelling the suspicion of North Korea's nuclear weapons development and improving U.S.-DPRK relations have made a fresh start. For this reason, the Japanese Government has judged that obstacles to the resumption of the Japan- DPRK normalization talks have been removed.

A top MOFA official said that "working-level preparations have been made for resuming the negotiations." From now on, MOFA will coordinate the details for the first round of talks, such as the place and date. A senior MOFA official stated: "Currently, North Korea has not insisted on holding the talks in Pyongyang, and we have made no bones about Tokyo either."

However, even if the two countries manage to resume talks, they will have to face many unsettled issues, including "property and a claim" [to Japan for war damages] as well as "reparation and compensation" [over Japan's acts] during the colonial rule. At present, there is no hope of settling those issues. The prevailing view within the government is that "the first round of talks will be designed to get to know each other, and progress will not be made smoothly" (as stated by a senior MOFA official).

Obuchi To Travel to ROK on DPRK Rice Aid

OW1906011395 Tokyo MAINICHI SHIMBUN in Japanese 18 Jun 95 Morning Edition p 1

[FBIS Translated Text] In connection with the issue of providing emergency rice supplies to the DPRK, the ruling coalition parties are likely to send a delegation headed by Keizo Obuchi, vice president of the Liberal Democratic Party [LDP], to the ROK as soon as early next week. A top LDP official disclosed this information after the ROK and the DPRK reached accords on 17 June over the issue of the ROK's providing emergency rice supplies.

Kono Briefs ROK Counterpart on G-7 Summit

OW1906020395 Tokyo KYODO in English 0151 GMT 19 Jun 95

[FBIS Transcribed Text] Halifax, Canada, June 18 KYODO — Japanese Foreign Minister Yohei Kono telephoned his South Korean counterpart Kong No-myong to brief him on the results of the Group of Seven summit that ended Saturday, Japanese officials said Sunday.

Kono explained to Kong the inclusion of G-7 support to the Korean Peninsula Energy Development Organization (KEDO) in a G-7 political statement issued Saturday, they said.

Kedo is an international consortium, mainly involving Japan, the United States and South Korea, to provide Pyongyang with light-water reactors to replace the North's graphite-moderated reactors. The U.S. has alleged North Korea was extracting plutonium from its experimental reactor in a bid to develop a nuclear weapons program.

Kono also told Kong in his telephone call Saturday night that Tokyo will send Sadayuki Hayashi, deputy foreign minister for economic affairs, to Seoul to brief South Korean officials on the summit, the officials said. Kong reportedly thanked Kono for his report on the summit.

'Difficult Position' on Taiwan Presence at APEC

OW1806085695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 18 June 95 Morning Edition p 2

[FBIS Translated Text] The government currently finds itself in an increasingly difficult position over the issue of inviting Taiwanese representatives to the forthcoming meeting of the Asia-Pacific Economic Cooperation (APEC) forum in Osaka in November.

The latest developments follow a decision by the Chinese Government to recall its ambassador to the United States in protest over Taiwan President Li Teng-hui's visit to the United States. Taiwan is expected use Li's U.S. visit as leverage to exert stronger pressure on Japan not to allow Li to attend the APEC meeting.

Beginning with the recall of its ambassador to the United States, China will inevitably pressure Japan to reject visits by high-ranking Taiwan officials. Caught in a dilemma, the government is likely to be forced to make a difficult decision.

Chief Cabinet Secretary Kozo Igarashi said that as far as China's decision to recall its ambassador to the United States is concerned, Tokyo plans to call for the prompt restoration of desirable ties between the United States and China.

He said: "A stable relationship between the United States and China serves as a basis for peace and prosperity in the Asia-Pacific region, and Japan, for its part, hopes that such a stable relationship will continue into the future."

However, Japan has been unable to conceal its shock, as it had not expected China would take such a hardline stance and further worsen its deteriorating relationship with the United States.

According to a senior Foreign Ministry official, the government considers "China has expressed its strong determination to make no concessions on the Taiwan issue."

On the issue of inviting high-ranking Taiwan officials to the planned APEC meeting in Osaka, the government has maintained it "will follow tradition."

It therefore plans to permit only economic ministers to attend the meeting, as was the case at the 1993 APEC conference in Seattle and the 1994 conference in Bogor, Indonesia.

However, Hsu Li-te, vice president of the Executive Yuan, concurrently serves as chairman of the Economic Planning and Development Council, a post that is equivalent to economic minister. China has therefore objected to him visiting Japan.

Based on China's decision to recall its ambassador to the United States, there is no doubt China will step up its diplomatic offensive against Japan, and the government is likely to face some difficult maneuvering.

LDP Group To Seek NFP's Help

OW1706094395 Tokyo MAINICHI SHIMBUN in Japanese 16 Jun 95 Morning Edition p 2

[FBIS Translated Text] The Parliamentarians Union on Japan-Taiwan Relations (chaired by former Education Minister Masayuki Fujio) of the Liberal Democratic Party [LDP] held a special meeting of executives at the party headquarters on 15 June, and decided the group should seek the cooperation of the New Frontier Party [NFP] to enable Taiwan President Li Teng-hui to attend the Asian-Pacific Economic Cooperation (APEC) forum meeting in Osaka in November, and also to attend an alumni reunion of his alma mater Kyoto University.

Takeo Hiranuma, secretary general of the union, told a news conference following the executive meeting: "The situation has changed with the realization of President Li's visit to the United States early this month."

Commenting on APEC, he said: "When it started, it was an arena for discussing economic issues. But it has since developed into an arena in which top leaders of Asian and Pacific nations get together for talks. We think President Li of Taiwan, the nation which has become the biggest regional economy after Japan, should attend the meeting."

Survey Shows Business Confidence Turning Worse

OW1606095595 Tokyo KYODO in English 0934 GMT 16 Jun 95

[FBIS Transcribed Text] Tokyo, June 16 KYODO — Major Japanese companies' business confidence for the April-June period turned for the worse, apparently due to the yen's recent rapid appreciation, the Finance Ministry said Friday [16 June].

The ministry's quarterly survey, conducted in May, showed the business sentiment index (BSI) for major companies for the April-June quarter down to 1.6 from the 8.3 registered for the January-March period in the previous February survey, and considerably lower than the earlier registered 12.6 for the first quarter of fiscal 1995.

A ministry official said the upward trend of corporate business confidence has come to a standstill, reflecting the adverse effects of the strong yen.

However, with indexes indicating recovery for the two quarters to come, the findings do not signal economic downshift, the official said.

The BSI, which represents the percentage of those expecting improved business conditions minus those expecting worsened conditions, has remained in the plus column for four quarters in a row.

The prediction indexes for major companies were 6.2 for the coming July-September quarter and 9.1 for the October-December period.

For the April-June quarter, the index for major manufacturers was 4.0, down from 14.3 in the previous quarter and down from 16.7 predicted for the latest quarter in the previous survey, while major nonmanufacturers scored minus 0.4, down from 3.8 in the preceding quarter and down from the earlier 9.2 projection.

In its May survey, the ministry polled 10,969 companies capitalized at 10 million yen or more, excluding financial and insurance businesses, of which 9,220 firms or 84 percent responded. The ministry used the sample to estimate figures for 645,956 companies.

Business sentiment among smaller and second-tier companies also deteriorated for the April-June quarter, but is expected to gradually recover over the next two quarters.

The BSI for small and medium-sized firms stood at minus 14.9 for the reporting quarter, compared with the previous minus 10.1 and a minus 2.2 forecast.

Second-tier companies marked minus 5.1, worse than the previous minus 2.4 and a plus 6.7 prediction.

Looking ahead, major manufacturers predict 8.0 for the July-September quarter and 8.8 for the October-December period, while major nonmanufacturers expect 4.8 and 9.3 respectively.

Second-tier firms forecast 0.7 for the next quarter and 2.8 for the following quarter, and smaller firms see minus 7.0 and minus 6.5.

The ministry official said companies apparently expect the darkness overshadowing the economy — resulting from the higher yen, the Jan. 17 earthquake and the sarin gas attack on the Tokyo subway system — to gradually lift.

On the labor side, the survey showed major and second-tier companies continuing to have excessive workforces, while smaller firms still suffer a labor shortage.

The index of labor shortage minus excess labor at major companies is forecast at minus 11.1 as of the end of June, compared with minus 12.8 as of the end of March.

The figure is expected to stand at minus 11.5 for the end of September and at minus 9.4 for the end of December.

The end of June labor index of second-tier firms came to minus 2.5, with those for September and December predicted at minus 2.6 and minus 1.5, while that of smaller companies was plus 3.8 with predictions of plus 3.2 and plus 2.5 respectively.

On business problems, the survey found that "competition with other domestic firms" is the top concern, followed by "sluggish domestic sales" and "lower prices."

In addition, many second-tier and smaller firms cited "mounting personnel expenses," the survey showed.

Current Economic Stagnation Concerns MITI

OW1606140695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Jun 95 Morning Edition p 5

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] is becoming increasingly concerned about the current economic stagnation. At a meeting of the Industrial Structure Council, which is discussing how to shape an industrial policy for 1996, MITI officials said: "The possibility has grown that Japan's economy will enter a downturn that has a strong tinge of deflation." They also pointed out that it is feared real economic growth will continue to post a low level of 1 percent until the year 2000. On 15 June, Tomio Tsutsumi, administrative vice minister of international trade and industry, told a news conference: "What is important is to take continuous measures to stimulate the economy; MITI has begun to study ways to spur the economy." MITI is poised to study ways to resolve the unemployment issue and the issue of revamping the current tax system, which fall under the jurisdiction of other government ministries and agencies, when it shapes a future industrial policy.

MITI expressed a sense of crisis at a meeting of the General Panel of the Industrial Structure Council which was held on 12 June. During the meeting, a senior MITI official said: "The drastically- appreciated yen has led businesses to balk at making fresh investments and hiring more employees. This could increase social unrest and cause a setback in economic activities." Many managers from auto companies and enterprises were present at the meeting and one manager spoke highly of MITI, saying: "MITI is the only government ministry that shares the private sector's sense of crisis."

Noting that "if the economy continues to be stagnant, Japan will be unable to register any significant real economic growth over the next five years to the year 2000," MITI pointed out that the "reform of the economic structure, which was mapped out by the Industrial Structure Council but later squashed by MITI, will turn out to be the answer." Last year, the Industrial Structure Council said: "If the government fails to spur Japan's potential growth by implementing the reform of the economic structure, Japan's annual real economic growth will register an average of 1.6 percent until the year 2000 and an average of 1.2 percent from the year 2001 through the year 2010."

Administrative Vice Minister Tsutsumi repeatedly said: "In Japan, the high cost structure, which existed at a time when the yen-dollar exchange rate stood at 200 yen per dollar, still exists in the transport sector and other sectors. If this high cost structure is left untouched, enterprises will relocate production offshore and the current hollowing out of industry will progress further." MITI is currently making vigorous moves to redress problems that fall under the jurisdiction of other government ministries and agencies by asking for an amendment to the Anti- Monopoly Law, which regulates securities companies. MITI is believed to be expressing a sense of crisis with the aim of bolstering its say in dealing with fiscal and monetary policies, the upgrading of infrastructure, and revamping of the tax and legal systems for business, all of which fall under the jurisdiction of other government ministries.

TRDI Chief on Defense Technology

OW1606135895 Tokyo BOEI GIJUTSU JANARU in Japanese May 95 pp 2-5

[Interview with Masahiro Ota, director general, Technology Research and Development institute (TRDI), Japanese Defense Agency, on 6 March 1995 by Izumi Tomita, former chairman, Defense Technology Foundation; place not given]

[FBIS Translated Text] **Meaning of "Technical Strength"**

[Tomita] You were appointed Director General of TRDI on 15 December 1994. I would like to ask about your policy regarding building up future human resources and new technology at TRDI.

[Ota] I myself joined what was then the Technical Research Laboratory in 1958 it was reorganized as TRDI in May of that year. I have been assigned to the internal bureaus of the Defense Agency a number of times since then, but I have always thought of myself as trained by TRDI. I take the responsibility of director-general quite seriously.

The destructive power of modern weapons was shown vividly in the recent Gulf War, which proved that a difference in technical strength has a great effect on the outcome of warfare. For that reason, even though the Cold War structure has collapsed and the world is moving in the direction of disarmament, the countries of the world are not wavering in their determination to upgrade the quality of their technology. In response to such efforts, Japan is trying to upgrade its technology as well. Given the current world situation, Japan's fiscal circumstances and the fact that we have almost achieved the front-line equipment strength specified in the Defense Outline, the pace of our defense buildup has dropped over the last few years. That being the case, the question of how to maintain and enhance our technology base has become a major issue. When I say technology base, I mean that once we waver and the technology we have accumulated is scattered, we will not be able to recover it without a very great effort. There was a blank period in Japan for about 10 years after the war. The Self-Defense Forces were created after that, but it has taken us until now to recover our technical strength. And because it takes a long time to foster technical strength, it will be too late if we wait till something happens, then rush around trying to deal with it. Therefore, peacetime is the time that we have made every effort, day and night, to build up the facilities and knowledge to foster technology.

In that sense, technical strength can be summed up as the quantity and quality of technical personnel involved in research and development. Investment in defense as a whole is declining, and R&D spending will not increase much. But since it is necessary to continue making qualitative improvements, it has become important that each engineer fully understand the trends of technology before him, discover future technical themes, and work on them efficiently. The engineers are mindful of that, and are always doing survey research. TRDI, as an institution, needs to scrutinize technical trends as well, and so it integrates the results of these individual efforts, puts together technical surveys and analyses, and reports them to the internal bureaus and SDF staffs.

That, however, is not enough. Since it is the three SDF, that use the equipment we develop, it is important for TRDI to have a good understanding of their needs as our users. That is very difficult. As an organization separated from the Ground, Maritime and Air SDFs, we avoid duplication of key personnel and facilities, and we conduct R&D very efficiently, but there is a drawback in that this is not an environment in which researchers are necessarily familiar with the equipment of the Ground, Maritime and Air SDFs. We need a better understanding of how the things we have developed are used, and what sort of inconveniences they involve that should be the starting point for subsequent R&D. This is the reason for that: until now, the users have had a good show window in the form of the United States, and could visualize a concrete image of what they wanted next. Recently, however, Japan has approached the same level as the United States and Europe, and countries have become unwilling to show their high technology to each other. For that. reason, although the users have various demands, it has become more difficult to propose them to the engineers in the form of concrete equipment. That has made unprecedented R&D necessary. Research takes time, however, and if we only start after the image has been presented, it might be too late. Therefore, I think the most important thing for TRDI will be to grasp the users' potential needs by ourselves, and do efficient and appropriate preliminary research at that stage. In other wards, TRDI needs to train more technicians who can correctly see the future trend of technology, realize the potential needs of the SDFs which are our users, and then do appropriate preliminary research and provide information to the users.

And so, what is the mission of the head of TRDI? We have a technical force of about 800 now, including those in uniform. I think the mission that has been given me is to create a good environment to improve the technical strength of these people, and to align the vectors of their technical strength and integrate TRDI as a vital technological assembly. Specifically, we need people, things, and money as means to train engineers.

In terms of "people," we already have excellent young people, none of them had experience at college with research directly related to equipment, and so it is important to provide OJT [on-the-job training] or, when they have a little experience and understand the problems, study abroad. And I think OJT requires good projects carried out under good leaders. That ties to "money," since good projects have to be planned and funded. By "things," I mean facilities. If we have good facilities and instruments at hand, we can train good engineers. Facilities in which the private sector cannot invest should be maintained by the government and made available to the private sector, not just the Defense Agency. A current example of that is the aerodynamic propulsion research facility being prepared at Higashi Chitose.

Another essential element is to have channels to the users. We need channels for the users to tell us about threat estimates, the status and problems of equipment now on hand, future needs and so on, and channels for providing users with information on the status and possibilities of technology. And we need channels to manufacturers, as well as to users. Although the security considerations are difficult, I would like to build a common database somehow, and that would be another way to train up personnel.

[Tomita] Dialogue between TRDI and the three SDF users has been talked about for a long time. Are there any specific good channels?

[Ota] The mission of TRDI is to develop equipment based on the requirements of the SDFs which are our users. The requirements come to TRDI through the chiefs of staff. Therefore, I think TRDI should provide the users in each SDF, at the earliest stage of requirement formulation, with information in some form on what kind of technology exists in Japan. One concrete action at present is what is called a "research request." That occurs at the level of the staff's equipment or technology bureau director and TRDI's Planning Bureau director; TRDI makes a report of results in response to the request, and that becomes data for the staff's research plan discussions. That becomes an occasion for exchanges between the various units and our researchers. I want to make channels like this more active. To tell the truth, TRDI's engineers and uniformed personnel have few personal ties. I think this can be handled with uniformed personnel on the development officer side acting as intermediaries. Consequently, the bureau directors and I have begun making visits to the SDFs, such as to the GSDF's Fuji school and chemical school, the MSDF's Development and Guidance Group and the ASDF's Aircraft Development and Testing Group. I would like to go around to as many schools as possible.

[Tomita] That is extremely important.

[Ota] When a weapon is put into the inventory, corrections and improvements are added little by little as the troops use it and make various requests. The corrections and improvements thus have to continue as long as the weapon is used. Particularly when you are talking about software, there is no telling when to call it finished. In that sense, TRDI's missions are never completed. When a technical test, which is the final stage of development, is done at TRDI, it is not a matter of "Well, this equipment is finished so please use it." Rather, the point is to deliver it to the user and try to finish it by means of corrections and improvements that continue while the equipment is in use. The items that get by practical testing are built, and them improved little by little afterwards. If TRDI has the capacity to spare, it would be best for us to provide aftercare for things we have developed, but that is really beyond us. It would be very instructive for young people to actually see what problems the troops have experienced with new equipment. I would like the young people of TRDI to be aware that they do their jobs to assist the users.

[Tomita] Could that be done by taking some of your people and sending them out to work elsewhere? Just as when an SDF officer is assigned to work at TRDI, a technical officer could handle tasks ranging from practical testing at training units to deployment of equipment to the forces, could he not? Then these people who are development officers would become key personnel in dialog with the staffs and units.

[Ota] The job of a development officer is to accept development requests and carry them out, but since that development is simultaneously building the future of the institute, I think there should also be research under "development officer requests" where we ask them to make preparations. Looking at the current trend of technology, I think it is the development officer who can mediate by directing research based on user needs.

[Tomita] How would it be if you ordered three development officers to have technical officers hold regular dialogue with the user side?

[Ota] Formalizing the exchange is liable to leave it a mere form, so we think it is better to go on creating an atmosphere for such an exchange, then go ahead if we can revolutionize the way of thinking.

[Tomita] I hope you will continue to strive to change the way of thinking. Next, there are agreements on a number of items relating to Japan-U.S. technical cooperation, and both sides have been making preliminary arrangements. The only one that has gotten moving is "ducted rocket engines."

Mutual Awareness of Advantages of Joint Research

[Ota] That is right. We agreed on five items at the time of the 12th S&TF [Science and Technology Forum] in 1990. Following the agreement we created joint working groups for each topic, and responsible engineers on each side finally met. The order is that first there were topics, then people were selected and met together. The talks on ducted rockets went rapidly because the chairmen on the two sides happened to know each other well. Then, after agreement was reached on the technical side, an MOU was concluded. This process takes quite a bit of time. And so it got started in 1992.

Regarding the other items, however, the engineers on each side did not know each other; they met for the first time in the joint working groups. They have exchanged papers since that time, and have visited facilities in each country. There is a lot that has to be decided before the MOU stage is reached. First they have to decide what to do, then what each side will do, then the mode of research, the time frame—there are really a lot of decisions to make. Both sides need to recognize the advantages of joint research. Since there is almost no travel money or time budget for going back and forth to meetings, our chairmen have sometimes had to travel by themselves. And then there has been the language barrier. We were surprised to find that professional interpreting was next to impossible when the content got technical. Engineers on both sides communicated in pidgin. Since then we have sent resident technical officers to the United States, travel funds were secured, and communication among those responsible for research went quite smoothly. As a result, researchers on both sides have come to feel that they could do research together.

Following ducted rockets, the MOU phase is nearly completed for "advanced steel technology," and research will start soon. This is research on how to weld steel materials for submarines. There is one other item that has reached the stage of MOU negotiations.

[Tomita] Do you receive adequate research funds and travel expenses for the topics for which MOUs are concluded?

[Ota] Talks proceed with the idea that each side will put up some part of the total research expanse, but the budget is allocated on a single-year basis, so it is difficult to guarantee it. Since this is joint research, priorities naturally change within the area of research, but that does not mean anything goes just because it is joint.

[Tomita] When the MOU is decided, is it determined at what point the research will end?

[Ota] It is. Joint research starts with both sides in an equal position, each contributing its share of the researchers, facilities and expenses, and each bearing a share of the risk. Topics that make that possible are necessarily somewhat basic, so it does not matter how the two countries develop and use the results. We have gone ahead with the idea of cutting it off in the research phase.

[Tomita] Finally, it is frequently pointed out in defense industry roundtables that tight constraints on the budget has a considerable effect on the technical people in the defense industry as well. There is concern that there would be an impact on TRDI if the technical force in industry were to thin out, or even disappear in some sectors. It must be difficult to shift this point from the view that technical forces should be maintained through the equipment procurement budget to the view that technical forces can be maintained and developed as a byproduct of technical R&D.

[Ota] Japan's equipment R&D is carried out with the private sector's technical base and production base as its foundation. The weakening or failure of those bases would certainly be a problem, and one that requires serious consideration. However, the private sector's technical base and production base are like two wheels on a cart, and move along together; if a piece of equipment is not going to be produced, using research funds to maintain the technical base is out of the question. Even if the pace is slowed, there is the premise that a piece of equipment will continue to be produced and used by the forces. To say that is extremely hard to do and have TRDI maintain the bases as a matter of policy would be almost impossible. Even though there is less development, if you look at the present TRDI budget, the research TRDI does itself makes up less than a quarter of R&D trial fabrication costs. Therefore, what TRDI has to do now, within TRDI's independent research, is to create good projects that will both raise the technical level of our researchers, and maintain the technical base in the private sector. Needless to say, these good projects have to be things we think the users will want to use eventually, if not right away. It is also important that the manufacturers, if they want to foster technical personnel, create an environment for that. In the course of that, they can make use of facilities TRDI has built, and use us for exchanges of information. Cooperating in research with TRDI is a form of education, and while it may not be my place as director- general of TRDI to say this, I think it would be good for engineers of manufacturing companies to conduct research within the departments of the National Defense Academy. Particularly in the case of arms and ammunition research, ordinary universities do not have a place for that kind of education, so training that kind of personnel will require that the government and private sector work together to raise the quality of researchers.

[Tomita] Thank you very much for talking with me today.

Mori: Only Minor Reshuffle 'After' Poll

OW1606132895 Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Jun 95 Morning Edition p 2

[FBIS Translated Text] Secretary General Yoshiro Mori of the Liberal Democratic Party [LDP] gave an interview to NIHON KEIZAI SHIMBUN on 15 June. He expressed a negative view on the rumored cabinet reshuffle before the House of Councillors elections, and indicated that there might be a minor reshuffle after the upper house elections.

Regarding moves being taken by a group led by former LDP Secretary General Seiroku Kajiyama, which are seen to be aimed at preventing LDP President Yohei Kono's election for a second term, Mori voiced his criticism: "The LDP's bad habits die hard."

Discussing the cabinet reshuffle, Mori pointed out: "The defeat of the no-confidence vote on the cabinet shows the administration's high spirit to carry on with the three-party coalition." He added: "I feel that right now, there is no compelling need to undertake a reshuffle." He rejected a persistent opinion in the LDP favoring a reshuffle before the upper house elections.

However, regarding the possibility of a reshuffle after the elections, he mentioned that "in terms of a minor (reshuffle), we need to think of what to do about economic relations, and how to reinforce cabinet ministers in such areas as foreign economic ties."

On the Japan-U.S. auto negotiations, he also stated: "Although Minister of International Trade and Industry Hashimoto is arguing with U.S. Trade Representative Kantor with dignity, such an assertion may not necessarily be sufficient to arrive at a solution." He hinted that depending on what happens to the negotiations with the United States, there is a possibility that the creation of a new cabinet post in charge of foreign economic policy may be considered.

Concerning the LDP presidential election this autumn, Mori said: "The party charter stipulates that (the president) can serve for two terms, or a total of four years." He clearly declared his support for Kono's reelection bid. He cited the following reasons: 1) The LDP was able to achieve political reform in a form it favored; and 2) Kono was successful in disbanding party factions and in party reform.y

In view of the intensifying maneuverings for the party presidential election, Mori emphasized: "The two difficult problems (in party management in the future) will be generational change and the reemergence of the former Takeshita faction." He strongly criticized steps being taken by Kajiyama and other former senior officials of the Takeshita faction to form policy study groups, saying: "The LDP is in a process of ablution [misogi]. We must not forget that."

Regarding the possibility of dissolving the Diet, to be followed by general elections, Mori stated: "Tactically speaking, strengthening the coalition under the existing framework and dealing competently with the formulation of the budget for FY96 will be advantageous for the consolidation of party unity." He clearly indicated that an early Diet dissolution is not being contemplated.

Kato on Political Realignment Before Election

OW1906084795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 19 Jun 95 p 2

[FBIS Translated Text] Koichi Kato, chairman of the Liberal Democratic Party [LDP] Policy Research Council, delivered a speech in Ueda, Nagano Prefecture, on 18 June. Concerning the possible establishment of a "conservative-conservative alliance" consisting mainly of the LDP and Shinshinto [New Frontier Party], he said: "It is not so easy to form a conservative-conservative alliance since there is an unsurmountable obstacle, the single-seat constituencies. If there should be a drastic change, it will be after the next general election." He indicated a cautious view on a possible second round of political realignment, including the formation of a conservative-conservative alliance, before the next general election.

Touching on the timing of lower house dissolution and a general election, he said: "It should not be conducted now. This should come in February 1996 at the earliest. Common sense suggests it should be carried out in fall 1996. Depending on the situation, it may not be conducted until the house serves its full term."

Mori Backs Murayama's Cabinet Reshuffle Remark

OW1906112295 Tokyo KYODO in English 1042 GMT 19 Jun 95

[FBIS Transcribed Text] Niigata, Japan, June 19 KYODO — The secretary general of the main ruling coalition partner Liberal Democratic Party (LDP) on Monday [19 June] supported a remark by Prime Minister Tomiichi Murayama that ruled out a cabinet reshuffle before the July 23 House of Councillors election.

Yoshiro Mori told a press conference in Niigata, on the sea of Japan coast, that he thinks Murayama is right not to reshuffle his one-year-old cabinet for the time being. Murayama made the remark Sunday upon arrival in paris from Halifax, Canada.

"There is no reason for a reshuffle," Mori said, referring to Murayama's survival last Tuesday of a no-confidence motion against his tripartite cabinet submitted by the main opposition party Shinshinto (New Frontier Party), which the House of Representatives rejected.

Mori reiterated that Murayama should dissolve the lower house for a snap general election between this fall and early next summer, although the timing would depend on the outcome of the July upper house election.

Also Monday, Mori told a Niigata rally for LDP members that even if the LDP fails to get a majority in the next lower house election, the party would be able to form an LDP-led government if it takes as many seats as it has now because it is Japan's largest party, he said. The prime minister is currently from the smaller coalition partner Social Democratic Party [of Japan].

Over 350 To Run in Upper House Election 23 Jul

OW1806121795 Tokyo KYODO in English 1123 GMT 18 Jun 95

[FBIS Transcribed Text] Tokyo, June 18 KYODO — As of Sunday [18 June], 354 people are expected to run for the House of Councillors election July 23, a KYODO NEWS SERVICE survey showed.

Among the 354 would-be candidates, 231 will file their candidacies for the 76 contested seats from local constituencies on the prefectural level, while 123 will run for the 50 contested seats under the proportional representation system, the survey said.

Half of the 252 upper house seats are up for election every three years.

In the last upper house election in 1992, a total of 640 candidates contested.

Although more people are expected to announce candidacies for the July upper house election, the total number of potential candidates will not surpass 640, the survey said.

The survey attributed the big decrease in the number of candidates to the decision of the Liberal Democratic Party (LDP), the largest component in the three-party coalition, to field only one candidate in multiseat local constituencies.

The LDP has so far decided to field 37 candidates on the official party ticket in the local constituencies and 19 candidates for the proportional representation system. The LDP plans to decide on some 10 additional candidates for the proportional representation system within next week.

The Social Democratic Party [of Japan] (SDP) [SDPJ], headed by Prime Minister Tomiichi Murayama, has decided to field 13 candidates on the party ticket for the proportional representation system and 22 candidates for local constituencies.

Although the SDPJ aims to garner at least 22 seats, the same number of the seats it obtained in the last upper house election, political pundits said it will be very difficult for the SDPJ to reach the target.

Besides ticketed candidates, the LDP will back nine candidates and the SDPJ will support 19 in the local constituencies.

New Party Sakigake [Harbinger], the smallest partner of the three-party coalition, will field four candidates for the local constituencies and two for the proportional representation seats.

The grand opposition party Shinshinto (New Frontier Party) has decided to field 22 candidates for the proportional representation seats and 26 candidates for the local constituencies. Shinshinto will also back nine candidates in the local constituencies.

The official campaign for this summer's upper house elections will start July 6 with voting July 23. The government will formally approve the timetable at a cabinet meeting Wednesday.

Politicians Discuss Future Political Situation

OW1906142795

[FBIS Editorial Report] At 0042 GMT on 18 June, in the second half of its "Sunday Discussion" program, Tokyo NHK General Television Network in Japanese carries an 18-minute roundtable discussion with Yukio Hatoyama, secretary general of Sakigake [Harbinger]; Yoshiro Mori, secretary general of the Liberal Democratic Party [LDP]; Kozo Watanabe, assistant secretary general of New Frontier Party; Kosuke Uehara, deputy chairman of Social Democratic Party of Japan [SDPJ]; and Kazuo Shii, secretary general of the Japan Communist Party, on the future political situation. NHK commentator Takashi Yamamoto moderates the discussion.

First, Yamamoto asks Hatoyama what he thinks of the possibility of reshuffling the Murayama Cabinet. Hatoyama says that it is unlikely there will be a cabinet reshuffle after the lower house election. He adds: "Therefore, we are of the view that the only chance to have a cabinet reshuffle, if there will be one, is before the election." Mori says that although he initially thought there would be a cabinet reshuffle, it is not a good idea because the no- confidence motion against the Murayama administration was unanimously disapproved at the recent the Diet session. Hatoyama says his party will "continue to support Prime Minister Murayama as much as we can if he can clearly spell out what he will do during the next six or 12 months, for example, within the framework of the three-party alliance. If a cabinet reshuffle is necessary for that purpose, it should be done at the most appropriate time." Uehara predicts that there will be various developments in this regard around the end of this month. Asked if he agrees with what Uehara has said, Hatoyama says: "In principle, I think so too. However, it is none of our business to say this and that about the timing of a cabinet reshuffle." After criticizing the prime minister for his failure to bring up the Japan-U.S. auto dispute for discussion at the Halifax summit, Watanabe calls for the Murayama Cabinet's early dissolution.

On political alliances, Mori says the Japanese political world has entered an era of alliance and the LDP-SDPJ alliance, despite their policy differences, is functioning very well. Watanabe criticizes the LDP-SDPJ alliance and explains the need to form two major political parties like the Republican and Democratic Parties in the United States. Shii says that the majority of voters no longer support the LDP-SDPJ alliance and what they did was against the people's interests. Uehara says: "Our party does not support the idea of forming two major political parties." Hatoyama says: "I agree with

Mr. Uehara that we should not have a bipolar political world."

Program ends at 0100.

North Korea

Arrival of U.S. Heavy Oil Delegation Reported

SK1806103995 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 18 Jun 95

[FBIS Translated Text] A delegation of U.S. heavy oil experts arrived in Pyongyang by plane on 17 June to discuss a phased schedule for the supply of heavy oil in accordance with the DPRK-U.S. agreed framework, as well as cooperative measures for this.

Delegation Returns From LWR Talks With U.S.

SK1706153495 Pyongyang KCNA in English 1509 GMT 17 Jun 95

[FBIS Transcribed Text] Pyongyang, June 17 (KCNA) — The delegation of the Democratic People's Republic of Korea led by Vice- Foreign Minister Kim Kye-kwan returned home on June 17 after participating in the DPRK-U.S. talks which was held in Kuala Lumpur pursuant to the agreement between the DPRK and U.S.

It was met at the airport by Vice-Minister of Foreign Affairs Choe U-chin and other officials concerned.

ROK Attitude on Agreement With U.S. Criticized

SK1706151895 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 17 Jun 95

[NODONG SINMUN 17 June commentary: "Perverted Outburst by a Colonial Stooge"]

[FBIS Translated Text] The South Korean puppets are running amuck forgetting their place in connection with the agreement reached and the DPRK-U.S. joint press statement issued in the DPRK- U.S. talks held in Kuala Lumpur.

When the DPRK and the United States reached a tentative agreement on 6 June in connection with the implementation of the DPRK-U.S. agreed framework, including the provision of the light-water reactors, the puppets ran wild fiercely and opposed it.

Then when the talks were concluded and the DPRK-U.S. joint press statement was published, the puppets suddenly changed their attitude completely and made a complete about-face to actively support it. More ridiculous is that the Kim Yong-sam ring is making a fuss as if the DPRK-U.S. joint press statement was written as they wished.

This behavior of the puppets cannot win sympathy from anyone but will only become an object of public scorn and criticism. This is all the more clear when we look into the specific background of why the puppets had to display such dual behavior.

Prior to the issuance of the DPRK-U.S. joint press statement, the puppet clique was informed by the United States of the fact that a tentative agreement had been reached on all matters discussed in the DPRK-U.S. talks. At this, the puppet group was engulfed in utter confusion. The puppets held meetings, such as the so-called policy related meeting, and openly opposed it, saying that they cannot agree to it.

This behavior of the puppets may be ascribable to their plight of being forsaken in which all they could do was just eavesdrop standing aside in a corner throughout the entire process of the DPRK-U.S. talks, and to their complaint that their will was not reflected at all in the joint press statement.

The puppets begged the United States to insert even one word of their will in the joint press statement taking pity on their miserable plight. According to foreign press, the United States, at this, telephoned the puppets asking them to exercise self-restraint and sent some State Department officials to South Korea. The United States may have tried to pacify the puppets in such a way that a parent would show sympathy to a growling crippled child.

It is not difficult to assess how upset the Kim Yong-sam ring was when they attempted so disparately in vain to overturn the results of the DPRK-U.S. talks.

However, as the colonial puppets are in a pitiful position to follow the strong's order whether or not they like it, it is understandable that the puppets could not help but do so. This is why the Kim Yong-sam ring has completely changed its attitude to actively support the DPRK-U.S. joint press statement even though the announced joint press statement is just the same as the original tentative agreement, of which even a single word was not revised.

The puppets are making noise as if the DPRK-U.S. joint press statement was made in accordance with their desire simply because they intend to mislead public opinion at home and abroad, hiding from a self-centered angle their pitiful status of disgracing themselves all over the world after being frustrated in their attempt. Even such a creature of no account as a weasel feels shame. Kim Yong-sam, however, must be a dirty person no better than a weasel.

The Kim Yong-sam ring's commotion in connection with the announcement of the DPRK-U.S. joint press statement was so ridiculous that even the U.S. newspaper THE WASHINGTON POST teased South Korea, which said it would accept the U.S.-North Korean agreement on the light-water reactor provision, saying its appearance was like the contorted face of a poor patient who swallows bitter medicine.

A lie cannot become a truth. Regarding the puppets' advertisement making people believe as if the DPRK-U.S. talks had been concluded in a way favorable to them, many political analysts and commentators are assaying the puppets were alienated this time, too.

In conclusion, this commotion only exposed that the Kim Yong-sam ring is no more than a group of boneless insects without any political opinion, policy, or center. In order to avoid greater disgrace, traitor Kim Yong-sam had better keep quiet while having a hard time of it.

KCNA on Paper's Reaction

SK1706050695 Pyongyang KCNA in English
0458 GMT 17 Jun 95

["Abnormal Behavior of Colonial Lackey" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 17 (KCNA) — NODONG SINMUN today comments on the imprudent behavior of the South Korean puppets in the wake of the agreement reached at the DPRK-U.S. talks and the announcement of a joint DPRK-U.S. press statement.

The analyst says:

The Kim Yong-sam group claim that the joint press statement was worked out as they "intended." This invites no one's sympathy but scorn and criticism from people of the world.

When they were notified by the United States that a tentative agreement was reached on all matters discussed at the DPRK-U.S. talks, the puppets called a "policy-related meeting" and other meetings and expressed overt opposition, declaring they would never accept it.

Meanwhile, they asked the United States to pity their poor lot and insert a word reflecting their intention in the joint press statement.

After the announcement of the joint press statement which is just the same as the tentative agreement with no word replaced, the puppets claim that it was worked out as they "intended." This is aimed at justifying their disgraceful position from a self-centred point of view and misleading public opinion at home and abroad.

Their abnormal behavior shows that they are a group of idiots with no political view, policy and principle of their own.

However much his heart may ache, the traitor Kim Yong-sam had better keep silence lest he should drink a bitterer cup.

Malaysia's Badawi Hails DPRK-U.S. Talks

SK1706045895 Pyongyang KCNA in English
0444 GMT 17 Jun 95

[FBIS Transcribed Text] Pyongyang, June 17 (KCNA) — Malaysian Minister of Foreign Affairs Abdullah bin Haji Ahmad Badawi in an interview with reporters on June 13 said that Malaysia is rejoiced over the achievements at the DPRK-U.S. talks.

The achievements are of weighty significance in realising peace and stability in the Korean peninsula and the world, he stressed.

What is important in the result of the talks is that it opened the door of advance in ensuring the peace of the Korean peninsula, he added.

Philippine President Lauds LWR Pact With U.S.

SK1906102295 Pyongyang KCNA in English
1015 GMT 19 Jun 95

[FBIS Transcribed Text] Pyongyang, June 19 (KCNA) — Fidel Ramos, president of the Philippines, on June 17 hailed the joint DPRK-U.S. press statement, according to a report from Manila.

He said that the agreement which was reached in Kuala Lumpur is an important stride forward in settling the nuclear issue on the Korean peninsula and brightening the prospect for ensuring peace in this region.

Durable peace and stability on the Korean peninsula, he noted, is of vital significance in the Asia-Pacific region and the world over.

Paper Demands Removal of Foreign Military Bases

SK1806084195 Pyongyang KCNA in English
0835 GMT 18 Jun 95

["DPRK's Consistent Position" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 18 (KCNA) — We have consistently called for the dissolution of all military blocs and the dismantlement of foreign military bases and object to their existence. This reflects the peaceloving stand of the Democratic People's Republic of Korea with peace as one point of the basic idea of its foreign policy.

This is the topic of a NODONG SINMUN commentary today.

It is quite natural that we, under continuous military threat from aggressive military bases in South Korea and its vicinity and the U.S.-Japan-South Korea three-way military alliance, are calling for the removal of aggressive military blocs and military bases, says the news analyst.

Recalling that the imperialists are persistently trying to keep and strengthen military blocs and overseas military bases in the international arena and attain their ulterior purpose by relying on them, the analyst says:

Now when disarmament and detente have become the trend of the time, there is no reason to keep any military bloc and foreign military base intact.

Nevertheless, the imperialists are scheming to maintain them indefinitely and, worse still, to further strengthen them.

Such a move is a challenge to peace and a crime which causes another cold war.

The imperialists are now crying for "counteraction" against "threat," and "security" in the hope of justifying their move, but to no effect.

If they persistently resort to the wrong policy, it is impossible to achieve an overall, complete disarmament and make the world peaceful.

All the military blocs and foreign military bases must be removed as soon as possible.

U.S., ROK Air Exercise on 15, 16 Jun Denounced

SK1806085295 Pyongyang KCNA in English 0839 GMT 18 Jun 95

["Continuous War Moves Against the North" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 18 (KCNA) — The U.S. imperialist warmaniacs and the South Korean puppets staged an anti-North joint air war exercise on June 15 and 16 with the skies above Sangdong, Kongju and Anmyon islet, South Korea, as the operational theatre, according to military sources.

Participating in the exercise were carrier-based pursuit planes and air tankers belonging to the U.S. Pacific Fleet and more than 610 fighter planes of various types belonging to the U.S. Seventh Airforce and the puppet airforce.

Meanwhile, in the two days, the South Korean puppets staged an airlifting drill for striking targets in the North and infiltrating into its interior with the mobilization of more than 50 transport and armed helicopters and fired over 400 shells and 1,000 large-calibre machinegun and automatic rifle bullets in the western and central sectors of the front.

They also moved more than 1,000 troops and groups of large-calibre guns to Kanghwa and Paju Counties, Kyonggi Province, where they took a firing posture towards the North side.

Over June 14-16, the South Korean puppet illegally brought machine guns and hundreds of troops into different spots in the Demilitarized Zone in the central and eastern sectors of the front for an attack exercise for breaking through the Military Demarcation Line.

ROK 14 Jun Shelling 'Reckless Provocation'

SK1606222795 Pyongyang KCNA in English 1541 GMT 16 Jun 95

[FBIS Transcribed Text] Pyongyang, June 16 (KCNA) — The South Korean puppets on Wednesday [14 June] fired shells towards an islet of the North side on the West Sea.

At about 13:20 [0420 GMT] they fired large-calibre guns towards Changjae islet on waters off Pupo-ri, Kangyong County, South Hwanghae Province, from Taeyonpyong Islet.

This reckless provocation is part of the unpardonable crimes of the Kim Yong-sam traitorous group seeking the security of power in aggravating the military tension.

If the South Korean rulers continue the military provocations, they will be punished severely.

Paper Warns Against 'Premeditated Provocation'

SK1906101895 Pyongyang KCNA in English 1013 GMT 19 Jun 95

["Warmaniac Rushing Headlong for Self-Destruction" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 19 (KCNA) — The traitor Kim Yong-sam of South Korea showed up at a "ROK" army unit in the central sector of the front at dawn a few days ago and incited war fever against the northern half of Korea, crying for "establishment of security posture" and "full war preparations." And the bandits of the "ROK" army unit were committed to such a military provocation as an exercise of offensive operation to break through the Military Demarcation Line in the Demilitarized Zone.

NODONG SINMUN today says that it is clear to anyone that this kind of bellicose blast and military provocation are a premeditated provocation designed to lead the situation on the Korean peninsula to the brink of war.

War hysterics of the Kim Yong-sam group against the northern half of Korea has, in actuality, reached the extreme, the analyst says, and goes on:

The Kim Yong-sam group in league with foreign forces staged military manoeuvres every day in June. And it amassed huge Armed Forces in forefront areas and is engaged in never-ceasing military provocations against the northern half of Korea. Its recent firing of large-calibre shells at an islet in the northern half of Korea is a part and extension of such military provocations.

Under the situation, a war has not yet broken out but peace is preserved in the Korean peninsula. This is entirely due to the peace efforts made by the Democratic People's Republic of Korea with patience.

The lot of the Kim Yong-sam group is extremely uneasy.

The people's struggle for right to existence and democracy is gaining momentum in South Korea as the days go by, tightening the noose around the Kim Yong-sam group's neck hour by hour.

With a view to blocking progress of the DPRK-U.S. talks, the Kim Yong-sam group entreated its master to join in its obstructionist efforts and excused itself, but an agreement was reached at the talks and a joint press statement was published.

The Kim Yong-sam group found itself in a tight corner.

It is trying to find a way out of such crisis in unleashing a war against the fellow countrymen. But its attempt lead itself to self-destruction. If the Kim Yong-sam group does not want to perish in the flames kindled by it, it should stop rash action.

ROK People Demand Softening of U.S. SOFA

SK1706061195 Pyongyang Korean Central Broadcasting Network in Korean 0654 GMT 16 Jun 95

[Unattributed talk: "The Struggle of the South Korean People to Abolish the SOFA"]

[FBIS Translated Text] The great leader [yongdoja] Comrade Kim Chong-il pointed out: The South Korean people are vigorously waging the struggle of anti-Americanism, independence, anti-fascism, democratization, and reunification of the fatherland.

The South Korean people are raising their voice to abolish the unequal Status of Forces Agreement [SOFA] between South Korea and the United States. South Korean youths and students, who feel deep in their bones national humiliation by U.S. soldiers, are leading the struggle to abolish the SOFA.

On 30 May, South Korean students of the Korea Federation of University Student Councils [Hanchongnyon] put up posters in front of the main gate of the U.S. Army base at Yongsan exposing the atrocities of U.S. soldiers and demanding the revision of the unequal and humiliating SOFA. In their demonstration struggle, the students demanded the punishment of U.S. soldier criminals and an open apology for atrocities by U.S. soldiers, then poured paint on the main gate of the base. Enraged by the atrocities by U.S. soldiers, students of the South Korean Federation of Kangwon Area University Student Councils held an anti-American rally in Chunchon on 23 May and demanded abolition of the SOFA, stating that the people suffer from the Kim Yong-sam puppets' toadyist attitude and unequal SOFA.

South Korean youths and students also demanded the abolition of the unequal SOFA when they assaulted U.S. Information Service buildings in various areas, which serve as bases for penetrating South Korea with U.S. ideology and culture. On 29 May, college students swarmed to the U.S. Information Service in Chung-ku, Taegu and fought staunchly. They spread leaflets calling for revision of the SOFA to punish criminals in connection with the growing atrocities by U.S. forces occupying South Korea, and threw fire bombs and stones at the building. On the afternoon of the same day, some 100 Kyongbuk University students held demonstrations in front of Taegu's U.S. Information Service and the Taegu Chungbu police station, demanding revision of the SOFA and the release of arrested students.

Some 600 students of the Federation of Kwangju and South Cholla Area University Student Councils, who burst into national rage at the successive brutal atrocities by U.S. soldiers against South Koreans in various locations, held a protest demonstration against the Kwangju U.S. Information Service on 24 May.

Dissident groups and various circles are also vigorously waging the struggle to abolish the SOFA. The South headquarters of the National Alliance for the Country's Reunification [Pomminnyon] recently issued a statement calling for a full revision of the SOFA. The statement demanded that U.S. forces and the puppet authorities not only punish U.S. soldiers who commit beastly atrocities but also compensate the victims.

The South Korean Citizens' Coalition for Economic Justice also issued a statement demanding the U.S. Government and the Kim Yong-sam puppet clique revise the unequal SOFA agreement. The South Korean National Alliance for Democracy and Reunification issued a statement on 24 May revealing that crimes by U.S. soldiers in South Korea average five cases a day, and urging the puppet government to revise the SOFA and resolutely counter the crimes by U.S. soldiers.

On 23 May, some 100 students and members of the Headquarters for the Movement To Exterminate Crime by U.S. Soldiers held a rally in front of the U.S. Army base at Yongsan in Seoul, denouncing crimes by U.S. soldiers and asserting that the SOFA and the government's toady attitude are inflicting on all the people the risk of becoming victims of crime by U.S. soldiers. They demanded an open apology from U.S. authorities and an early revision of the SOFA.

In a letter of protest addressed to the commander in chief of the U.S. forces occupying South Korea, South Korean women's associations, including the Federation of Women's Associations, warned they will no longer sit idle and watch the atrocities by U.S. soldiers that infringe upon human rights, including sexual harassment and violence against South Korean women; they also demanded a revision of the SOFA.

The South Korean people continue to vigorously wage the struggle to abolish the SOFA, which is linked with the anti-America and anti-puppet struggle. The Kim Yong-sam ring, which does not have the slightest national dignity and independence, cannot exercise jurisdiction over U.S. soldier criminals because of the humiliating SOFA agreement. Moreover, backed by the subordinate and unequal SOFA, U.S. soldiers commit all kinds of crimes as they wish without any legal restraint. To play their part, the puppets abandoned jurisdiction over U.S. soldier criminals, using SOFA as an excuse. When they do exercise jurisdiction under public pressure, the trials are merely for the sake of formality.

This being the situation, the U.S. soldier rascals have nothing to fear and are having their own way in South Korea. Their beastly atrocities against our nation are becoming more frequent with each passing day. That is why the South Korean people have burst into national rage and have risen to the struggle against the unequal SOFA. The persistent struggle to abolish the SOFA is driving the United States and the Kim Yong-sam ring into a corner.

North American Christian Leader Leaves 13 Jun

SK1606144795 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 14 Jun 95

[FBIS Translated Text] Pak Han-sik, chairman of the North American Christian Scholars Association, left Pyongyang by plane on 13 June. A pertinent official saw him off at the airport.

ROK Regime Anti-Labor 'Smear Campaign' Decried

SK1606231595 Pyongyang Korean Central Broadcasting Network in Korean 1222 GMT 15 Jun 95

[NODONG SINMUN 15 June commentary: "A Cheap Smear Campaign Will Not Work"]

[FBIS Translated Text] A stereotypical trick the treacherous Kim Yong-sam clique employs every time the people's antigovernment struggle intensifies and its regime is involved in a deepening crisis is to invent and announce shocking incidents, thus diverting attention at home and abroad and resolving the crisis in its rule.

A good example is that a few days ago the puppets announced a series of incidents smearing others. On 9 June, the Kim Yong-sam ring announced it had exposed the South Korean Proletarian Class Struggle League and arrested 15 of its members. In order to establish the credibility of this announcement, the puppets raved that their members influenced the labor movement behind the scenes, received partisan-style training at Mt. Chiri and other places, and tried to join establishment political circles; they also claimed that approximately 100 members were still at large.

Three days later, the puppets announced they had detained the leader of the Kyonggi Province and Inchon Chapter of the International Socialists Organization on charges of violating the National Security Law. Of course, they fastened on him the crime of distributing illegal printed materials to workers and of perpetrating other activities beneficial to the enemy.

The reason the Kim Yong-sam ring abruptly fabricated these incidents is interesting. As exposed, the Kim Yong-sam fascist clique recently rattled sabers against workers who stood up in the struggle for the right to exist and for democracy, and perpetrated a fascist rampage by sending police into sacred and inviolable religious facilities.

This brutal act made the people's anger against the Kim Yong-sam ring explode more fiercely. People from religious circles and labor movements, dissidents, and all others continuously condemned and denounced the fascist clique's brutal act. The people's will to make the Kim Yong-sam ring pay dearly for its crimes is firm. At a time when the elections for local autonomy are just around the corner, this situation is truly like a fire under the Kim Yong-sam ring's foot.

The puppets cannot conceal their worry that the flames of the people's fierce antigovernment struggle may promote a situation highly unfavorable to them while they are trying to secure absolute majorities of the Democratic Liberal Party's underlings in the election by all means in order to achieve stability during the latter half of their rule. This is why the treacherous Kim Yong-sam clique abruptly fabricated and announced the incidents smearing others.

By suppressing labor movement leaders on boisterous charges of having influenced the labor movement behind the scenes, receiving partisan-style training in the mountains, and trying to join political circles, the puppets are trying to divert the attention of the people elsewhere, to extinguish the flames of the workers' ever-growing anti-Kim Yong-sam and anti-government struggle, and to sweep the elections. This is what the Kim Yong-sam ring truly intended in fabricating and announcing incidents smearing others. However, the situation will never develop as the puppets intended.

Smearing and saber-rattling are not the acts of the powerful, but the desperate efforts of the weak.

The treacherous Kim Yong-sam clique rattled sabers against the people, and even infiltrated into sacred and inviolable religious facilities and perpetrated a fascist frenzy. This is proof that it has failed to find ways to maintain its existence, instead rushing along the road toward destruction.

The South Korean people know very well that if they leave unchecked the traitor Kim Yong-sam, who is disguised as a Christian elder while staining a sacred cathedral and a sacred temple with blood, they will not be able to save their own lives and will be far from fulfilling their earnest desire for independence, democracy, and reunification. Therefore, they are standing up in the struggle while crying for the overthrow of Kim Yong-sam.

The Kim Yong-sam ring must stop such a cheap smear campaign and voluntarily face the people's judgment before it is too late.

ROK Religionists Demand Apology From President

SK1906054695 Pyongyang KCNA in English 0506 GMT 19 Jun 95

[FBIS Transcribed Text] Pyongyang, June 19 (KCNA) — The struggle of religionists protesting the Kim Yong-sam group's police infiltration into the Myongdong Cathedral and Chogye Temple is going on several days, according to a radio report from Seoul.

More than 2,000 priests and believers of the Kwangju parish of Roman Catholicism held a mass at the Roman Catholic church on June 16 for two hours, protesting against the police infiltration by the "government."

They demanded that the Kim Yong-sam "regime" apologize for the police raid on the Myongdong Cathedral and immediately release the arrested leading unionists of the Telecommunication Co. and they said that they would intensify their struggle including tonsure and hunger strike in case Kim Yong-sam refuses to apologize in person till June 20.

At the end of the mass the participants staged a silent demonstration with candlelight in their hands around the Cathedral.

Monks and believers of Chogye, over 2,000 in all, held a mass on the situation and staged a demonstration in Seoul on June 15 in protest against the police infiltration into the Chogye temple.

The participants in the mass branded the police infiltration into the Chogye Temple as an ignorant act violating sacred precincts and demanded a stop to the suppression of the arrested unionists.

They also demanded that the Kim Yong-sam "government" make an official apology for suppression in the religious building and punish those responsible for it.

After the mass the participants staged a candlelight demonstration from the Chogye temple to Tapgol Park.

More than 300 believers of Kaesingyo, Catholicism, Buddhism held a rally of religionists for restoring holy place at the Chogye Temple on June 16, at which they denounced the puppet clique for infiltrating the police into the religious building to crack down on the labour movement and decided for the religious circles to jointly counter against such outrages in the future.

They made a street march up to the Myongdong Cathedral after the rally.

Meanwhile, eleven leading members of the General Student Council of Sogang University entered a hunger-strike in the campus on June 16, protesting against the false remarks of the venal president of the university about the struggle of the Telecommunication Co.

The students in a statement which was published, starting the strike, criticized the outcries of the venal president of the university that the strike of the unionists of the Telecommunication Co."was manipulated by the North behind the scence."

They demanded the venal president of the university apologize to the nation for it.

University Head 'Anti-DPRK Agitation' Decried

SK1706051795 Pyongyang KCNA in English
0502 GMT 17 Jun 95

["Third-Rate Anti-DPRK Agitation" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 17 (KCNA) — The anti-DPRK agitation by President of Sogang University of South Korea Pak Hong, a "Chongwadae" [presidential offices]-serving mouthpiece and a spy of the "Agency for National Security Planning" in the guise of "educationist," has come under fire in MINJU CHOSON today.

The analyst says:

He told a lecture that the sit-in of the telecom's unionists in the Myongdong Cathedral and Chogye Temple in Seoul was "manipulated behind the scenes by the North" and it was aimed at encouraging a "solidarity general strike" throughout South Korea before the "local autonomy elections" on June 27.

In late July last year, he alleged that the South Korean people's struggle against the liberalization of rice import was waged on the "order of the North." His remarks concerning "the chuche idea faction" is what caused the "new security-oriented situation" whereby the patriotic champions of reunification and democracy were brutally suppressed in South Korea.

Pak Hong with such a career talked about the North's "behind-the-scenes manipulation" again according to a scenario written by "Chongwadae," paid by it.

What the Kim Yong-sam group are seeking by making the use of such a fellow in the anti-DPRK smear campaign is to divert elsewhere the people's resentment at them, turn down the ever-mounting anti-Kim Yong-sam struggle and stand unchallenged in the "local autonomy elections."

University Head 'Hunting Dog' of ROK Regime

SK1706043395 Pyongyang Korean Central Broadcasting Network in Korean
1225 GMT 16 Jun 95

[NODONG SINMUN 16 June commentary: "Hunting Dog of Chongwadae Barks Again"]

[FBIS Translated Text] The physiology of a hunting dog is to hunt all its life in order to receive a larger lump of meat from its master. One who remarkably follows the physiology of a hunting dog lives in South Korea. He is none other than the president of Sogang University, Pak Hong.

A few days ago, this fellow appeared at a so-called lecture and recklessly babbled preposterous nonsense that the recent taking of shelter by labor union members of the Korea Telecom Union at a Catholic church and at Chogye Temple was engineered by the North; that the North is instigating all-out strikes throughout South Korea, using the local elections as momentum; and so on. Needless to say, this is scheming propaganda according to the scenario of Chongwadae [presidential offices], the base of operation of fascism and schemes.

Currently, when viewing Pak Hong's past record in which he received 500 million won from the traitor Kim Yong-sam and played the role of a spy, rumor has it in South Korea that there is no doubt he received a new special order from Chongwadae after being bought off by that kind of money. It seems this is correct reasoning.

As has been exposed, Pak Hong is a top-grade hunting dog of Chongwadae and a spy of the Agency for National Security Planning in which, in late July last year, he provided the conditions to the fascist clique for reducing to ashes patriotic reunification and democratic forces by finding fault with the North, making a completely fabricated remark regarding the Chusa faction. He is also a fascist tyrant wearing the mask of an educator.

In 1983 and 1991, this fellow had already played an active role as a maid and a cat's paw of the military dictatorial regime. We cannot by any means overlook the fact that the Kim Yong-sam ring once again presents this ugly human trash and daringly makes vicious propaganda about our engineering the labor movement in South Korea.

As the entire world knows, the labor union members of South Korea's telecom union could not bear the severe deprivation of their rights, the slave labor, and the hardships of life resulting from the puppets' severe misgovernment; thus, they began the struggle. Since the puppets' knife wielding was too wicked, it was inevitable for the unionists to seek shelter at Myongdong Catholic Church and Chogye Temple.

Ultimately, it was the puppets who made it inevitable that the laborers would carry out a struggle and seek shelter at religious facilities. Nevertheless, the puppets are babbling as if this is being engineered by the North. This is quite preposterous.

It would be good for the puppets to stop making such worthless fabricated propaganda, which even a mere child cannot be deceived by. The reason the Kim Yong-sam ring made Pak Hong, their hand-stained hunting dog, bark once again stems from their wicked attempts to newly fabricate rumors that the North is engineering the labor movement, to label all laborers who rise up in the struggle as pro-communists, and to relentlessly wield a knife against them.

With the example of having carried out the Chusa faction commotion by presenting Pak Hong last year and reducing reunification and democratic forces to ashes, the Kim Yong-sam ring is trying to commit grand oppressive politics to extinguish the flames of the labor movement which vigorously blazes with each passing day, thus trying to secure its regime.

However, the South Korean people who became awakened and angry will by no means tolerate this. They will load up the traitor Kim Yong-sam and his hunting dog, Pak Hong, and thrust them into the gutter of history.

Students in ROK Meet on Reunification

SK1806085495 Pyongyang KCNA in English 0810 GMT 18 Jun 95

[FBIS Transcribed Text] Pyongyang, June 18 (KCNA) — June 3 meetings of students in North and South Kangwon Provinces were held at Kangwon University in Chunchon, South Korea, on June 2 and 3 for national reunification upon the lapse of 600 years since Kangwon Province was established.

They involved a reunification literary and art event of the South Korean Kangwon Provincial Federation of General Student Councils (Kangchongnyon), a meeting for reunification declaration, a "June 3 marathon of students in North and South Kangwon Provinces for the great unity of the whole nation," a joint meeting of students in the two provinces for the abolition of the "National Security Law" (NSL), a meeting with citizens for reunification, etc.

More than 1,000 students who participated in the reunification literary and art event of Kangchongnyon expressed their willingness to devote themselves to the struggle for national reunification.

The Kangchongnyon's movement for reunification was reviewed and a "declaration for reunification" read at the meeting for reunification declaration.

The participants in the joint meeting vowed to achieve the great unity of the whole nation through the struggle for the abolition of the "NSL" and struggle for national reunification with joint efforts of the students in the North and the South.

The speakers at the meeting with citizens said the students will struggle together with peoples from all walks of life in the provinces for the eradication of crimes of U.S. troops in South Korea and the withdrawal of the U.S. bases and forces from South Korea and take the van in the struggle against the Kim Yong-sam regime's suppression of the labor movement.

NDFSK Mission Chief Discusses June Resistance

SK1806085795 Pyongyang KCNA in English 0814 GMT 18 Jun 95

[FBIS Transcribed Text] Pyongyang, June 18 (KCNA) — Yi Chong-sang, chief of the Pyongyang mission of the National Democratic Front of South Korea (NDFSK), released a statement on June 10 upon the lapse of eight years since the June popular resistance.

He said the June resistance was a massive one which dealt a heavy blow at the United States and the military dictators and put the national movement of the people on a higher stage.

The present situation has been turned back to the phase in the days of the resistance and has gone from bad to worse with social democracy and the independent and peaceful reunification of the country which were desired by the people at that time being wholly blocked by the traitor Kim Yong-sam, a political mountebank, he said, and continued:

The authoritarian rule is nothing but a last-ditch effort of those seized with fear. Kim Yong-sam will suffer a serious defeat again in the "local autonomy elections" slated for June 27.

NDFSK will take the lead in the patriotic resistance of the South Korean people under the banner of "10-point programme of the great unity of the whole nation for the reunification of the country" put forward by the great leader Comrade Kim Il-song, thus achieving national reunification in the 90s without fail and fulfill his behests for reunification, Yi Chong-sang declared.

NDFSK on June Popular Resistance Anniversary

SK1706121295 Pyongyang KCNA in English 1024 GMT 17 Jun 95

[FBIS Transcribed Text] Pyongyang, June 17 (KCNA) — Spokesman of the National Democratic Front of South Korea (NDFSK) published a statement on June 9 on the lapse of eight years since the June popular resistance, according to the Seoul-based radio Voice of National Salvation.

The statement said the June popular resistance was a righteous, great deed which has been registered as another chapter of victory in the history of renovation movement in South Korea, together with April 19 and May 18 popular uprisings.

It is badly ridiculous that the Kim Yong-sam group are now talking about the so-called "orthodoxy," impudently fancying itself to be "regime based on the June popular resistance," it noted, and said:

Anti-Kim Yong-sam sentiments are recently growing in different areas. This is an eruption of people's will to valiantly break with the "civilian" dictatorship which has brought only misfortunes, disasters and sufferings to this land, and it is a solemn prelude to the second June popular resistance.

People from all walks of life should rise as one to turn the forthcoming "local autonomous body elections" into the court of stern judgment denouncing the heinous crimes of Kim Yong-sam's "Democratic Liberal Party" and to make a breakthrough decisive in throwing the "civilian" dictatorship into a rubbish dump of history.

NDFSK, together with the patriotic people of different strata, will hold higher the torch on the anti-U.S., anti-fascist resistance for national salvation and will surely take the flag of victory of the June popular resistance back from the Kim Yong-sam group and let it fly high in a plaza of glory of an independent democratic government.

ROK People's 'Reverence' for Kim Chong-il Noted

SK1906104395 Pyongyang KCNA in English
1032 GMT 19 Jun 95

[FBIS Transcribed Text] Pyongyang, June 19 (KCNA) — Reverence of broad segments of South Korean people for the great leader Comrade Kim Chong-il is growing intense, Seoul-based radio Voice of National Salvation said.

At a symposium on the situation under the subject "Singlehearted Unity and North's National Power," which was held in Taegu on May 20, Pak Song-hak, a retired professor, attributed the creation of the present-day political situation in the North to the singlehearted unity of all the people around the great General Kim Chong-il. The professor went on to say:

Singlehearted unity is the true looks of society in the northern half of Korea as well as a crystal of its strong national power.

The leader Kim Chong-il has turned the northern half of Korea into a large harmonious family united in one mind, with his political philosophy of achieving every victory in reliance upon the people. He is, indeed, a great master of politics.

A student-son of the philosophy course of Korea University told a symposium under the subject "The Leader Kim Chong-il, Genius of Versatile Talents" held by members of an ideology study circle of the university on April 30:

As a result of the sharp analysis, profound thinking and unique study of the leader Kim Chong-il, the immortal chuche idea, the acme in human history of thought, has been enriched and developed as the publicly recognized guiding idea in the era of independence, which represents both the present era and future, and such a famous work as "Socialism Is a Science" that indicates the way of achieving human independence could be made public.

A woman student Pak at the Korean literature course of the university said:

While reading famous works of the leader Kim Chong-il on literature and arts, I keenly felt that he is, indeed, a great master of theories on literature and arts.

A student-son at the historical science course of the university said: The leader Kim Chong-il is a great master of historical science. To be led by the leader Kim Chong-il, a genius of versatile talents, is the greatest blessing of the Korean nation.

Kim Son-suk, a high school teacher in Pyongtaek County, Kyonggi Province, giving a lecture on Mt. Paektu in mid-May, showed the pupils a color picture of General Kim Chong-il carried by the magazine MAL and said:

It is only General Kim Chong-il who will lead the Korean people. He, who is possessed of literary and military accomplishments, is a peerless great man, who will reunify the country and lead our reunified and independent nation to prosperity.

And the teacher taught the students how to sing song "Shine, Chong-il Peak" and asked them to remember the greatness of General Kim Chong-il forever.

ROK Group Rejects Japan Offer on Comfort Women

SK1906052095 Pyongyang KCNA in English
0455 GMT 19 Jun 95

["Japan's Organisation of Fund for 'Comfort Women for the Army' Rejected" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 19 (KCNA) — The Consultative Council of Volunteers' Corps Problem, the Federation of Women's Organisations and ten other women's organisations of South Korea in a statement on June 15 demanded the withdrawal of the "Asia Peace and Friendship Fund for Women" organized by the Japanese Government as regards compensations to "comfort women for the army," according to the Japanese TOKYO SHIMBUN.

The statement branded the "fund" organisation as a deception to evade responsibility without expressing sincere repentance and apology while concealing the essence of the problem of "comfort women for the army."

It demanded the Japanese Government probe into the truth behind the war crimes, honest reflection, apologize through a Diet resolution and fulfill legal compensation.

News Conference on 'Comfort Women' Held in Tokyo

SK1706211595 Pyongyang KCNA in English
1503 GMT 17 Jun 95

[FBIS Transcribed Text] Pyongyang, June 17 (KCNA) — A joint press conference of former "comfort women for the army" was given in Tokyo on June 12, according to the Japanese newspaper AKAHATA.

At the press conference former "comfort women" from South Korea expressed anger at the Japanese Government's "no-war resolution," in which the government refuses to admit the past war as a war of aggression but seeks compensation through a "civilian fund," ignoring the responsibility of the state of Japan which mercilessly violated human rights of many Korean women by kidnapping and forcibly drafting them to the battle sites.

A statement of the South Korean Council of Victims of the "Comfort Women for the Army" case was read out at the conference.

The statement said that the "letter" of the Japanese authorities seeking a postwar settlement with no apology and compensation is not worth a sheet of waste paper.

It strongly urged the Japanese authorities to apologize and compensate for the past crimes at an early date.

PRC Foreign Ministry Delegation Leaves

SK1606141195 Pyongyang Korean Central Broadcasting Network in Korean
0100 GMT 14 Jun 95

[FBIS Translated Text] A friendship delegation of the Chinese Foreign Ministry led by Vice Minister Tang Jiaxuan left for home yesterday by plane.

Vice Foreign Minister Choe U-chin and Qiao Zonghuai, PRC ambassador to the DPRK, saw off the delegation at the airport.

CPC Delegation Leaves Pyongyang 14 Jun

SK1606142695 Pyongyang Korean Central Broadcasting Network in Korean
1300 GMT 14 Jun 95

[FBIS Translated Text] A delegation of CPC officials led by Xu Qing, deputy secretary of the CPC Central Commission for Discipline Inspection, left for home by train on 14 June.

Kim Yang-kon, vice director of a department of the Workers Party of Korea Central Committee, and Qiao Zonghuai, PRC ambassador to the DPRK, saw off the delegation at Pyongyang Station.

Koreans in PRC Urge N-S Reunification Festival

SK1806085395 Pyongyang KCNA in English
0805 GMT 18 Jun 95

[FBIS Transcribed Text] Pyongyang, June 18 (KCNA) — All the branches and chapters in China under the overseas headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon) sent letters to the South side headquarters of Pomchonghangnyon and its subsidiary organizations calling on the South Korean students to make active efforts for the successful holding of a grand national reunification festival marking the 50th anniversary of the country's liberation.

The letters called on the youths and students in the North, the South and overseas, the vanguard of reunification, to vigorously fight in solidarity with each other for the successful holding of the festival, which will be a gathering for national reconciliation and unity of the 70 million fellow countrymen.

Shell Pacific Wants To Invest in Najin-Sonbong

SK1906104795 Pyongyang KCNA in English
1034 GMT 19 Jun 95

[FBIS Transcribed Text] Pyongyang, June 19 (KCNA) — Shell Pacific Enterprises expressed its readiness to invest heavily in the "golden triangle", according to information obtained from the Najin-Sonbong Free Economic and Trade Zone authorities of the DPRK.

A delegation of the enterprises visited the Yuhyon Area, Sonbong Port and Sungri Chemical Complex of the zone and showed deep interest in the zone's favourable conditions of nature and geography and economic location in recent days.

Simon Moore, head of the delegation and president of the enterprises, said that the enterprises would invest in the construction of facilities for the storage and supply of oil.

The delegation proposed that the zone authorities lease over 10 hectares to the company.

The authorities accepted the proposal and agreed to provide the company with a good construction site and favourable condition.

Paper Exalts Leadership Feats of Kim Chong-il

SK1906101295 Pyongyang KCNA in English 1007 GMT 19 Jun 95

["NODONG SINMUN on Exalting Leadership Feats of Comrade Kim Chong-il" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 19 (KCNA) — The entire party members and other working people should firmly defend the great leader Comrade Kim Chong-il politically and ideologically and with their lives and infinitely exalt his leadership feats, bearing deep in mind that there is a bright future of our country and nation as they are guided by him, says NODONG SINMUN today.

The paper dedicates an editorial headlined "Let Us Add Brilliance to the Leadership Feats of the Great Comrade Kim Chong-il" to the 31st anniversary of the start of his work at the Central Committee of the Workers' Party of Korea (June 19, 1964).

Over last 30-odd years the great leader Comrade Kim Chong-il has conducted energetic activities for the strengthening and development of our party and the victorious advance of the chuche socialist cause and performed the immortal feats which will shine with the century and accumulated a wealth of experiences, the editorial notes.

It quotes the great leader Comrade Kim Il-song as saying:

"A new change has begun to take place in party work as well as the work in different fields of politics, economy and culture, and great innovations and upswing have been effected on all fronts of socialist construction since the start of the leadership of Comrade Kim Chong-il."

The editorial goes on:

The course since respected Comrade Kim Chong-il began to lead the party work is a history of glorious and brilliant revolutionary activities of a great thinker and theoretician, a great statesman and an ever-victorious iron-willed brilliant commander who has led our party, people and revolutionary Armed Forces to victory with his outstanding idea and leadership ability. As his feats have been performed in this historical course, they are immensely rich and diverse in philosophy, politics, the economy and culture, the party, state and army building and all other domains and all of them are a precious wealth which is of immortal value in hewing out the destiny of the people.

When our party and people defend these feats firmly and rely on them solidly, they can successfully solve all the problems arising in the revolution and construction and brilliantly accomplish the socialist cause.

There is no such a leader as respected Comrade Kim Chong-il who performed great feats in the present age, the editorial says, adding:

The feats performed by him in leading the revolutionary cause over the 30-odd years are an eternal lifeblood of the Korean revolution and a precious ideological and mental wealth to accomplish the chuche cause through generations.

The editorial calls for firmly defending the feats of respected Comrade Kim Chong-il.

It stresses that all the officials and working people should value his feats as the apple of their eyes and fully glorify them.

Kim Chong-il Role in WPK 'Greatness' Lauded

SK1906051595 Pyongyang KCNA in English 0453 GMT 19 Jun 95

["Great Party" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 19 (KCNA) — NODONG SINMUN on June 18 carried a political essay on the greatness of the Workers' Party of Korea [WPK].

There are many countries, nations and parties on the planet, but no party such as our party which has invariably defended the idea of its leader over the 50 years since its foundation, and is making a long drive, smashing the unprecedentedly vicious maneuvers of the imperialists and reactionaries to blockade and stifle the DPRK, the political essay said, and went on:

The WPK is a party of the great leader Comrade Kim Il-song which was founded and strengthened and developed by him, and a party of the great leader Comrade Kim Chong-il which he has cemented as an invincible guiding force as firm as a rock and whose powerful might he is glorifying.

The party of the great Comrade Kim Chong-il, this call contains our greatest pride, eternal invincibility, highest happiness and great victory.

The great leader Comrade Kim Il-song said:

"Comrade Kim Chong-il has regarded it as the main link to strengthen the party and enhance its leadership role in leading the revolution and construction. He put forward and carried through the party policy of building on modelling the whole party on the chuche idea to strengthen and develop our party into an invincible rank united on the basis of the chuche idea, a militant and tested leading political organisation and has firmly rallied the entire people around the party to remarkably strengthen the driving force of our revolution."

Today our party demonstrates its might as a strong and tested party under the guidance of the great leader Comrade Kim Chong-il and has high dignity and absolute authority which is called after his sacred August name.

Respected General Kim Chong-il is a distinguished statesman, a great leader who has built an ideological power, a matchless army and a people's paradise, best in history, as well as a most veteran, tested and powerful party in this land with his extraordinary intelligence and energetic revolutionary activities.

Under this great leadership, the Workers' Party of Korea has been dyed in one idea of the great leader Comrade Kim Il-song and fully changed its looks as a distinguished party, temperament, personality and everything of which take after the great Comrade Kim Chong-il.

Our party embraces all the people, brings them up and protects them, always mixes with them under the slogan "let us devote whole heart and all energies to people," takes meals with them and shares destiny with them. Our people call our party a mother party and are united around it.

With any move to stifle us, the imperialists can neither break the invincible unity and cohesion of our party rallied close around the great leader Comrade Kim Chong-il as firm as a rock nor impair the absolute prestige and authority of our party which is called a party of the great leader.

As long as respected General Kim Chong-il stands high forever in the van of our revolution, our party will throw its rays as a party of the great leader Comrade Kim Il-song, a party of the great General Kim Chong-il and win victory forever yesterday, today and tomorrow.

Daily Applauds WPK Unity Around Kim Chong-il

SK1706120895 Pyongyang KCNA in English 1013 GMT 17 Jun 95

["WPK Will Shine as Comrade Kim Il-song's Party Forever " — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 17 (KCNA) — Since it has achieved a rock-firm single hearted unity around the great leader Comrade Kim Chong-il, the Workers' Party of Korea [WPK] will complete the chuche cause, pulling through any storm, and add lustre to the dignity of the great Comrade Kim Il-song's party forever.

NODONG SINMUN today says this in a signed article on the lapse of more than three decades since Comrade Kim Chong-il began leading the WPK work.

The article attributes the present-day glorious continuity of the WPK's lineage to a flawless solution of the question of carrying forward leadership in party building in the lifetime of the leader.

The article quotes the great leader Comrade Kim Il-song as saying:

"Our party has properly solved the question of taking over leadership in conformity with the requirement of the developing revolution and the desires of the popular masses. This is the most proud achievement made in the building of our party; it is a sure guarantee for the bright prospect and brilliant victories of our party and our revolution."

The article continues:

To have the great leader in the person of respected Comrade Kim Chong-il was a decisive guarantee for adding lustre to the WPK as the fatherly leader Comrade Kim Il-song's party forever.

From a long time ago the WPK and the Korean people consider Comrade Kim Il-song to be Comrade Kim Chong-il and they regard Comrade Kim Chong-il as Comrade Kim Il-song.

For scores of years Comrade Kim Chong-il has shared ideas and intentions as well as all difficulties and ordeals and joy and great victories with Comrade Kim Il-song, worked together to shape all the party line and policies and lead the struggle for their materialisation.

Comrade Kim Il-song covered a road of heroic epic, leading the WPK and the Korean people to bring about changes of the century, pulling through difficulties of the 20th century in the van.

Comrade Kim Chong-il was the most faithful helper and greatest comrade, who has helped Comrade Kim Il-song in all his work to this effect on the highest level. Comrade Kim Chong-il was also the most devoted comrade-in-arms, who has defended Comrade Kim Il-song at the risk of his life in every difficult period.

The article further says:

For 30-odd years Comrade Kim Chong-il has led the WPK as intended by Comrade Kim Il-song and brought about single changes in its work and building.

One of the distinguished exploits performed by respected Comrade Kim Chong-il in the work to strengthen and develop the WPK into Comrade Kim Il-song's party is that he put forward such a loyal programme of party building as the modelling of the whole party on the chuche idea and has carried it into practice.

In order to add lustre to the WPK as Comrade Kim Il-song's party forever, it is essential to hold Comrade Kim Chong-il in high esteem invariably at the head of the WPK.

For the Korean people the great Comrade Kim Chong-il is the WPK and vice versa. Only when we have the centre of the WPK leadership in the person of the great Comrade Kim Chong-il for good and all are more faithful to him than when Comrade Kim Il-song was alive, can we add lustre to the WPK as Comrade Kim Il-song's party forever.

All the workers, farmers, intellectuals and people of other strata should be deeply conscious of the sense of responsibility and pride of forming the party's mass ground and believe in the great Comrade Kim Chong-il as in heaven and follow him as one man.

Bright indeed is the future of the WPK, which is confidently moving towards the 21st century under the guidance of Comrade Kim Chong-il, the greatest man ever in history who has literary and military accomplishments and loyalty and filial piety.

Daily Urges Independence in International Ties

SK1806090095 Pyongyang KCNA in English
0844 GMT 18 Jun 95

["NODONG SINMUN Calls for Destroying Old Order of Domination and Subjugation" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 18 (KCNA) — "Let us destroy the old international political order and economic order of domination and subjugation and defend equality and independence in the international relations."

This is one of the calls published by the Central Committee of the Workers' Party of Korea on the occasion of the 50th anniversary of its foundation.

The call reflects the firm will of our party and the Government of the Republic to carry through the lifetime intention of the great leader Comrade Kim Il-song, who had devoted all his life to realising the independence of the maltreated and oppressed people, NODONG SINMUN today in a signed article says, and goes on:

The structure of Cold War is being demolished and multilateral relations are being formed in the international arena today, but the imperialists are encroaching upon the sovereignty and interests of other countries, keeping the old international political and economic order.

It is the common task of all countries and nations to smash the old international order and establish a new fair international order based on independence. To this end, it is imperative to resolutely defend and maintain independence and fight in unity.

Independence is the lifeblood of a sovereign and independent state and, at the same time, the basis of all international relations.

If all countries and nations defend independence, not following others, the old international economic order will be impotent and finally nominal.

Unity is strength. If all those countries and nations interested in establishing a new international order fight in unity, the old international order will be liquidated and a new one based on equality and independence be certainly established.

Academician Stresses Economic Self-Reliance

SK1806055195 Pyongyang Korean Central Broadcasting Network in Korean
2243 GMT 16 Jun 95

[Interview with Dr. Yi Ki-pan, professor and department head of Kim Il-song University, by unidentified Central Broadcasting Network correspondent; from the "Ray of Chuche" Program: "Why the Principle of Self-Reliance Should Be Maintained in the Economy"]

[FBIS Translated Text] [Correspondent] How are you?

[Yi] How are you?

[Correspondent] As you know, under conditions in which countries and borders exist, what kind of economy a country adopts is important to materially guaranteeing the people's independent life. The immortal chuche idea presents the unique theory that in order to materially guarantee the people's independent life, the principle of self-reliance should be maintained in economics. Today, we would like to talk about why the principle of self- reliance should be maintained in economics.

[Yi] The great leader [yongdoja] Comrade Kim Chong-il indicated: The economy is the material basis of social life. Economic self-sufficiency enables one to solidify the independence of his country and live independently; provides a sure guarantee of chuche in ideology, of independence in politics, and of self-reliance in defense;

and ensures a rich material and cultural life for the people.

Economic self-reliance means a country walks on its own in the area of economics, managing its own economic life. Why is it necessary to be economically self-reliant? First, the economy is the material basis of social life. As indicated by the great leader [yongdoja] Comrade Kim Chong-il, the economy is the material basis of social life. Social life comprises economic life, political life, and cultural life, to which material conditions are essential. In other words, material means enable one to lead a political and cultural life. Therefore, the economy is the material basis of social life.

[Correspondent] Since the economy is the material basis of social life, economic self-reliance is essential to solidifying the independence of the country and to living independently.

[Yi] That is correct. Economic self-reliance is an important symbol of an independent and sovereign country. Without economic self-reliance, even if a country achieves political independence, this is only superficial. A country economically subordinate to others cannot but become a satellite of other countries. An economically subjugated nation cannot but become a colonial slave, like a person in debt is bound to become a servant. In the past, one of the main reasons people of many countries became the imperialists' colonial slaves was because those countries were not economically self-reliant, but instead were saddled with debts. Of course, almost all countries that were once colonies have achieved political independence. However, this does not mean they are completely free from subjugation. To become a fully independent country, a country should be economically independent. If a country's economy cannot stand on its own, it cannot help but hold out its begging hands to eat, to dress, and to live. This inevitably results in economic subordination, which makes meaningless the political independence won by blood. A country can achieve full independence only when it achieves economic self-reliance.

[Correspondent] Economic self- reliance is imperative for one to live on one's own. What do you think?

[Yi] That is correct. As long as there are countries and borders, each country should lead its own economic life. Under such conditions, each country should be able to manage on its own. No matter how small its population, a country cannot live if it depends on others. Nothing is more servile and humiliating than begging. This means the people of each country should live honorably on their own. In order to live on one's own, one must be economically self-reliant so that daily needs can be produced internally; thus, one does not become indebted to others and can honorably live on one's own. As society develops, the ceaselessly increasing material and cultural demands of the people can also be fulfilled.

[Correspondent] Economic self-reliance is essential to effectively managing and responsibly leading the economic life of a country.

[Yi] Yes. In answering the question of why does one have to be economically self-reliant, we could say it as an essential demand for providing a sure guarantee for establishing chuche in ideology, independence in politics, and self-reliance in defense.

[Correspondent] That means economic self-reliance is a material condition for implementing the principle of chuche in all aspects of social life.

[Yi] Yes. Let us take the issue of establishing chuche in ideology. In short, establishing chuche in ideology means thoroughly arming the people with an independent ideology. When a country's economy is without economic self-reliance and is dependent on others, various trash ideologies running counter to an independent ideology will emerge. Why do ideologies far from an independent ideology — such as flunkeyism, doctrinism, and the foreign force-reliant ideology — emerge among people? One of the main reasons is because the country has failed to achieve economic self-reliance, and because the economy relies on others.

[Correspondent] When one becomes inferior to and dependent on others, one looks up at others.

[Yi] Only when a country is economically self-reliant and able to lead its own economic life can the people enhance their national pride and sense of independence, and can they thoroughly establish chuche in ideology.

[Correspondent] Economic self-reliance is also an important material condition for maintaining the principle of independence in politics and self-reliance in defense.

[Yi] Of course. If a country becomes economically dependent on other countries, the country must look for others' opinions in politics, and cannot do or discuss what it wants. In defense, it cannot build a strong national defense industry to defend its own country. Therefore, a country should be economically self-reliant to establish and implement all policies and lines based on its own decisions and judgment and in accordance with the people's interests, and should exercise full sovereignty in foreign relations. The country can then equip the army with modern weapons, arm all the people, and fortify the entire country.

[Correspondent] That is correct. The truth of economic self-reliance is well reflected in the reality of our country today.

[Yi] Yes. Since long ago, our people have implemented the unique line of building a self-reliant national economy as presented by the great leader [suryong] and have achieved the economic self-reliance of the country. This is proven by today's reality in which we remain unshaken by the economic sanctions of the imperialists and march on, upholding the banner of socialism. Indeed, the road of economic self-reliance is the road toward national independence and prosperity.

[Correspondent] Yes. The principle of self-reliance in the economy elucidated by the chuche idea is the only road for economic construction that implements the demand of the chuche idea in the economic field and provides a material guarantee for the people's independent life. This concludes today's talk.

South Korea

Reaction to U.S.-DPRK LWR Agreement Noted

U.S. Officials Interviewed

SK1706042295 Seoul CHOSON ILBO in Korean 17 Jun 95 p 2

["Gist" of news conference held by Robert Gallucci, U.S. ambassador in charge of nuclear issuesa, and Thomas Hubbard, U.S. deputy assistant secretary of state, with unidentified correspondents at the U.S. State Department on 15 June; compiled by Washington-based correspondent Kim Chang-hyun; first paragraph is CHOSON ILBO introduction]

[FBIS Translated Text] Robert Galluci, U.S. ambassador in charge of the nuclear issue, and Thomas Hubbard, deputy assistant secretary of state who was the U.S. delegate to the Kuala Lumpur talks, attended a press briefing held at the U.S. Department of State on 15 June. They discussed the U.S. administration's position regarding implementation of the U.S.-North Korea agreement. The questions and answers are as follows:

[Unidentified correspondent] When will the talks be held on reaching an agreement between KEDO [Korean Peninsula Energy Development Organization] and North Korea on supplying light-water reactors [LWR]?

[Hubbard] No specific date has yet been fixed. However, both sides feel they will begin the talks as soon as possible.

[Unidentified correspondent] Why do you think North Korea accepted the ROK as a prime contractor?

[Hubbard] I think North Korea came to realize the firmness of the position of the ROK, the United States, and Japan that an ROK company should be the prime contractor. We feel North Korea decided to finally accept the idea of the ROK as a prime contractor because North Korea worked out its own balance sheet on the profits and losses it would enjoy or suffer by either accepting or rejecting the ROK's central role.

[Unidentified correspondent] Is there a possibility that North Korea will not allow the entry of a delegation of ROK technicians, contending "we have not agreed to that?"

[Hubbard] The light-water reactor project will be implemented on a turnkey basis. Once North Korea concludes an agreement with KEDO on supplying light-water reactors, North Korea will no longer have a hand in the progress of the project.

[Unidentified correspondent] There have been conflicting reports concerning the costs of the light-water reactor project.

[Hubbard] The figure most recently given is about $4.5 billion. After a site survey team has conducted an actual survey, a correct amount will be calculated. North Korea has asked for additional funds for the light-water reactor project, putting forth a figure of an additional $1 billion. However, North Korea did not present such a figure in Kuala Lumpur. The negotiations on the outstanding issues will be discussed between KEDO and North Korea. There still exist many issues, such as determination of the precise scope of construction of the light-water reactors and guarantee of the safety of the atomic reactors.

[Unidentified correspondent] What kind of relation is there between the Kuala Lumpur agreement and the opening of liaison offices?

[Hubbard] In October 1994 the United States and North Korea agreed to open liaison offices in their capital cities as soon as consular and other pending technical issues were settled. This notwithstanding, we have not yet settled all pending technical issues. As long as an agreement is reached on the light-water reactor project, we hope we will have additional talks with North Korea on the opening of liaison offices.

[Unidentified correspondent] What will become of the supply of heavy oil?

[Gallucci] This morning a team left for Pyongyang to discuss with North Korea the ways to keep an eye on the heavy oil supplied to North Korea to prevent it from being diverted. When a verification procedure, including the installation of surveillance equipment, is successfully established and the question of raising funds is solved, we plan to supply North Korea with an additional shipment of 100,000 tonnes of heavy oil, which is supposed to be delivered by 21 October. The talks on preventing the heavy oil from being diverted will take several days.

[Unidentified correspondent] How about the question of disposing of the spent fuel rods?

[Hubbard] We have proposed that we dispatch a delegation to North Korea as quickly as possible. However, we have not received any clear-cut reply from North Korea.

[Unidentified correspondent] Have you decided on the final destination of the spent fuel rods?

[Gallucci] The question of removing the spent fuel rods from North Korea is linked with the timing of the handing over of the relevant equipment for the light-water reactors. I feel it will take about five years for this to materialize. No decision has yet been made on the final destination of the spent fuel rods.

Poll: 62.6 Percent Support Pact

SK1706011995 Seoul YONHAP in English 0112 GMT 17 Jun 95

[FBIS Transcribed Text] Seoul, June 17 (YONHAP) — Six out of every 10 South Korean citizens (62%) are content with Monday's results of the U.S.-North Korea reactor talks held in Kuala Lumpur, according to a telephone poll interviewing 1,022 adults, aged 20 or older, from across the country (not including the Cheju Province).

Asked about their reaction to the U.S.-North Korea light-water reactor agreement, 62.6 percent of the respondents replied they are satisfied with the outcome of the talks, while 32.5 percent said they are dissatisfied, according to the survey which was conducted Wednesday by the Korea Survey Poll Co. (Gallup) at the Information Ministry's request.

As for South Korea's role in North Korea's light-water reactor project, 52.2 percent saw it [as] "central," while 44.2 percent did not.

The poll also revealed that while 73.9 percent approved of President Kim Yong-sam's endorsement of the agreement, 22.3 percent did not. The approval rate of President Kim's endorsement was high among the self-employed, those 50 years old and older, and those living in North Kyongsang Province and Taegu City, while it was low among those in the 20-29 year age group, among students and college-educated citizens, and among those living in the Cholla Provinces and Kwangju City.

Those who said they felt President Kim took appropriate steps to bring about the agreement represented 58.3 percent of the respondents, but 38 percent did not agree.

While 76.8 percent felt that the agreement contributed to easing strained inter-Korean relations, 22.2 percent did not.

Those who feel the reactor agreement will increase inter-Korean exchanges and open the way for visits to the North accounted for 75 percent of those polled, while 24 percent were pessimistic about such consequences of the agreement.

Agreement With U.S. on Exporting K-1 Tanks

SK1906014995 Seoul SEOUL SINMUN in Korean 19 Jun 95 p 2

[By reporter Pak Chae-pom]

[FBIS Translated Text] It was learned on 18 June that the ROK and the United States recently agreed in principle to the export to third countries of K-1 tanks which the ROK is producing with technological support from the United States.

According to one official concerned at the Ministry of National Defense, the ROK and the United States reached such an agreement after holding discussions on exports of the ROK-produced defense industry materials to third countries. This was agreed at a working-level subcommittee on the defense industry of the annual ROK-U.S. Security Consultative Meeting (SCM), which was held in Washington, D.C. in early June.

Until recently, the ROK had exported only small quantities of some defense industry materials, including small arms — which the ROK has produced with U.S. technology — to third countries, such as those in Southeast Asia. Therefore, this will be the first time that the ROK has exported large defense industry products, including tanks, to foreign countries.

Earlier this year, however, the ROK exported about 400 K-200 armored personnel carriers which the ROK had manufactured on its own, without U.S. technological support, to Malaysia.

At present, some Southeast Asian nations, including Malaysia, are apparently sounding out the possibility of importing ROK-model tanks.

K-1 tanks, produced by the Hyundai Precision and Industry Company, are the main tanks of the ROK Army. The deployment of these tanks for actual warfare is almost complete. Each tank costs as much as 2.3 to 2.8 billion won.

U.S. Tactics in Radar Jammer Sale Criticized

SK1706120495 Seoul HANGUK ILBO in Korean 17 Jun 95 p 2

[From the "Reporter's Eye" column by Son Tae-kyu: "U.S. Arrogance in Selling Its Military Equipment"]

[FBIS Translated Text] The United States is being criticized as carrying out wrongful acts in the process of selling the ASPJ [airborne self-protection jammer], which is a piece of core equipment of the ROK Army's next generation fighter plane, the F-16. It not only violated the original contract, but rejected the ROK Defense Ministry's demand for compensation of $9.40 million (about 7.6 billion won).

The ASPJ is an up-to-date piece of electronic equipment that fires a disturbance radio wave when the fighter plane enters an enemy's territorial airspace so the plane's position cannot be detected. One ASPJ unit costs $2.30 million. The ASPJ, an important piece of core equipment, is said to be one of the reasons for the selection of the F-16 over the F-18 as the next generation fighter plane. The Defense Ministry even bore the $9.40-million expense of developing its software because it recognized the ASPJ's outstanding performance.

However, the United States said: "The ASPJ was disqualified during a 1992 operational test." With this, the United States is insisting that it cannot sell the ASPJ to the ROK under the foreign military sales (FMS) method. It is a completely different story than in 1991, when it concluded a sales contract to sell the F-16, including the ASPJ, for $5 billion under the FMS method. Of course, there is some truth to the U.S. excuse: "How can the government sell the disqualified equipment and still guarantee the quality of the equipment and follow-up munitions assistance? Buy it through a commercial channel."

However, the Defense Ministry and military experts calculate that the true intentions of the United States are quite different. The United States claims that the ASPJ came up short in operational requirements tests, but it is ranked as the best equipment. The United States will by no means squirrel away equipment in which it invested the enormous amount of $1.5 billion in developing since 1976. It seems that insisting on the purchase of the equipment through commercial businesses in the United States is aimed at avoiding technology transfer. Also, there is speculation that if the equipment is purchased through commercial channels, the United States feels the possibility exists that a similar product could be purchased from a competitive company. Rumors also hold that this act has been influenced by lobbying by the political sector. The United States is selling its expensive products to other countries, and is enjoying to its heart's content the arrogance of monopoly. A sagacious countermeasure by the Defense Ministry is urgently expected.

Article Views U.S. Stance on N-S Rice Talks

SK1806093095 Seoul TONG-A ILBO in Korean 18 Jun 95 p 3

[Article by Washington-based correspondent Yi Chae-ho: "How the United States Views the Rice Talks"]

[FBIS Translated Text] The United States has not made any official comment on the inter-Korean rice talks. However, an official concerned in the U.S. Government has made the following comment: "If the rice talks bring about a turning point for full-fledged inter-Korean dialogue that leads to the beginning of the alleviation of tension on the Korean peninsula, they should be welcomed." This suggests that the United States is viewing the rice talks positively. The official noted: "Both the rice talks and the U.S.-DPRK nuclear negotiations are all aimed ultimately at the common objective of improvement of inter-Korean relations and the alleviation of tension on the Korean peninsula. If the rice talks prove successful, they will contribute to resolving the nuclear issue as well." He observed that if the rice talks prove successful in helping improve inter-Korean relations, they will facilitate the visit to North Korea by ROK engineers and technicians for the construction of light-water reactors.

Meanwhile, the United States is somewhat dubious as to why Japan initiated an unofficial negotiation for a rice deal with North Korea before the inter-Korean rice talks were held. A fellow from the Heritage Foundation stated: "As North Korea used the light-water reactor negotiations as material for the improvement of relations with the United States, it might try to accelerate the improvement of relations with Japan by using the rice issue."

The Heritage fellow added: "That North Korea came to hold rice talks with South Korea could be a process, conversely, of providing an excuse for not receiving rice from South Korea. North Korea could attempt to receive rice from Japan under the pretext that its rice talks with South Korea failed."

The United States is not taking issue on the government level with the mode of transactions that will be used for the rice offer. The United States maintains the position that the South Korean provision of rice to North Korea is humanitarian "assistance, " rather than "trade." The United States has recently allowed a U.S. firm to export corn to North Korea for humanitarian reasons.

However, the U.S. exporters of rice are different. They maintain that the ROK's rice aid to North Korea would be in violation of World Trade Organization (WTO) rules, thus not accepting that the aid is an internal transaction based on special relations. Therefore, the U.S. exporters could officially take issue with this matter at a certain point of time when progress is made in the talks.

Reportage on N-S Rice Aid Talks in Beijing

Official Heads for PRC; Talks Viewed

SK1706015895 Seoul YONHAP in English 0148 GMT 17 Jun 95

[FBIS Transcribed Text] Seoul, June 17 (YONHAP) — South and North Korea plan to hold a vice ministerial-level meeting in Beijing Saturday evening to discuss the South's offer to provide rice aid to the North, reliable government sources said Saturday.

To this end, the government will send Yi Sok-chae, vice minister of finance and economy, to Beijing Saturday to attend the meeting with Chon Kum-chol, vice chairman of North Korea's Asia-Pacific Peace Committee, to negotiate how the rice delivery will be made.

The South Korean delegation headed by Vice Minister Yi left for Beijing Saturday.

A highly-placed government source said the delegation left for Beijing as North Korea had accepted the South's demand for government-level talks concerning food aid.

The delegation will meet the North Korean delegation headed by Vice Chairman Chon Kum-chol of the Asia-Pacific Peace Committee in Beijing to discuss details about the rice aid issue, he added.

The government's policy is to conclude the rice talks as soon as possible, the source said, adding, "The meeting will be held behind closed doors at the North's request, and so I can't divulge where the meeting will take place."

As the meeting is being held in accordance with President Kim Yong-sam's intention to give the North rice unconditionally from a humanitarian viewpoint to alleviate its food shortage, the discussion will chiefly focus on the rice aid issue, he commented.

He noted that President Kim regards the North Korean food shortage as an intra-nation issue.

He added the rice talks should have a favorable impact on the inter-Korean relationship as they are being held amid the suspension of an inter-Korean dialogue. "If the talks are successful... strained inter-Korean relations would be eased, writing a new chapter of improved inter-Korean relations."

The source criticized the Japanese media for their reporting of the talks, saying, "The talks are being held behind closed doors in order to ensure their successful conclusion at the North's request, but the Japanese media are reporting the talks indiscreetly. I don't know what they aim to achieve with such reports."

Background of Talks Viewed

SK1706053495 Seoul HANGUK ILBO in Korean 17 Jun 95 p 3

[By correspondent Song Tae-su from Beijing]

[FBIS Translated Text] The South-North working-level contact in Beijing to discuss providing North Korea with rice came about when Chon Kum-chol, vice chairman of North Korea's Committee for the Peaceful Reunification of the Fatherland, who visited Beijing on 3 June, requested rice supplies from the offices of ROK conglomerates based in Beijing.

ROK companies that received Chon Kum-chol's request persuaded the North: "Even if we embark on this, we must receive permission from the authorities, so it would be better for you to have direct contact with the government authorities." This is how the Korea Trade Promotion Corporation [KOTRA] became involved in the matter.

When KOTRA was chosen as our side's channel for negotiations, North Korea presented Kim Pong-ik, director of the Samcholli General Corporation and president of the Kwangmyong General Company, rather than Chon Kum-chol who is an official at the vice minister-level.

North Korea's Kim Pong-ik, who arrived in Beijing on 13 June, met with Hong Chi-son, the section chief of the North Korean Department of KOTRA, from 14-16 June; during these contacts, the level of the delegates to the contacts and the schedule of the contacts were discussed in detail.

Chon Kum-chol taking advantage of the ROK companies' intention to provide the North with rice was achieved through a mediator, a certain Mr. Choe who is a Korean-Chinese businessman residing in Harbin. Cho Pok-sin and Kim Chong-song have been stationed in Beijing and placed in charge of North Korea's external economic cooperation, allowing them to make advance preparations.

Former Vice Premier Kim Tal-hyon once served as the chairman of the Board of Directors of the Samcholli

General Corporation. Its director, Kim Pong-ik, also promotes negotiations with the United States on grain supplies.

The reason the South-North working-level contact on supplying the North with rice came to light, even though it was held under tight security, was because Pyongyang's Yi Song-nok, chairman of the International Trade Promotion Committee, continued to fax all the details regarding the South-North contacts to Koichi Kato of Japan's Liberal Democratic Party.

It is felt the reason the North informed Japan of the detailed content of the contacts, thus allowing Diet member Kato to leak this information to the press, is that it is in both North Korea and Japan's interest to exchange Japanese rice as soon as possible.

Dailies Review Talks

SK1706080995

[FBIS Editorial Report] The following is a compilation of seven articles and two editorials carried in the 17 June Seoul vernacular dailies reviewing the inter-Korean talks currently being held in Beijing on supplying rice to North Korea.

The conservative CHOSON ILBO carries on page 3 a 600-word article written by reporter Ku Song-chae that reviews the rice talks between officials from the South and North, noting the efforts made so far in Beijing by the Korea Trade Promotion Corporation (KOTRA) to contact the North to investigate the possibility of establishing a branch office in North Korea. The article expresses the suspicion that North Korea may have accepted the proposal for South-North talks in Beijing merely as a gesture, hoping instead to receive Japanese rice. The article goes on to guess that Japan may also have suggested the Beijing contact in conformity with its own plan to ship its own rice to North Korea.

The article concludes by reviewing the ROK Government's two principles concerning supplying rice to North Korea: "The principle of giving priority to the nation's internal affairs, rather than to external affairs, in terms of promoting national welfare and prosperity; and also the principle of giving priority to the initiative of the authorities concerned, rather than to that of the civilian sector, in terms of supplying rice to North Korea."

The moderate HANGUK ILBO carries on page 3 a 600-word article written by reporter Yu Sung-u reviewing the ROK Government's prudent attitude toward the ROK's contacts with the North concerning the supply of rice. Quoting one government official as saying: "So far North Korea has tried to make the South-North rice talks appear to have 'broken down' due to the South's rigidness," the article notes the possibility that the rice talks "can serve, in tandem with the settlement of the Kuala Lumpur talks, as an opportunity for a general improvement of South-North relations, which have remained strained following Kim Il-song's death."

The moderate TONG-A ILBO carries on page 3 a 600-word article written by reporters Kim Tong-chol and Han Ki-hung that reviews the non-official contacts the ROK Government has made with North Korea through KOTRA in Beijing, while noting the government's decision to dispatch Yi Sok-chae, vice minister of finance and economy, to Beijing to have talks with Chon Kum-chol, vice chairman of North Korea's Asia-Pacific Peace Committee, on 17 June. The article states that it may be that North Korea accepted the ROK's proposal for contacts between the authorities concerned for the purpose of bringing about negotiations with Japan on the supply of rice as quickly as possible.

Quoting some diplomats as predicting that Kim Chong-il, who will eventually assume the presidency after 8 July, will have to give "a gift" to the North Korean residents — and rice will be that gift — the article expresses concern about the possibility that the talks between the South and North will experience rough sailing because the North Koreans may adopt a method of receiving Japanese rice first while using a delaying tactic in the talks.

The moderate KYONGHYANG SINMUN carries on page 2 a 500-word article written by reporter Kang Song-po that reviews the background of realization of the South-North rice talks, saying it is still unclear whether an agreement will be easily reached in the upcoming Beijing talks because North Korea's intention concerning the rice talks is still not clear. The article quotes one high-ranking government official as expressing misgivings that "North Korea and Japan, which share the same interests, may be playing a trick on the ROK." It also cites the Japanese media's continued coverage of the advance contacts between the South and North in Beijing. The article quotes another government official as sarcastically criticizing Japan's attempts to supply rice to North Korea first, concluding that the ROK Government will primarily try to sound out the real intention of North Korea during the upcoming talks, and that rice could possibly be provided to North Korea, depending upon the attitude of North Korea.

KYONGHYANG SINMUN also carries on page 3 a 900-word editorial stating that the success of the rice talks will rely upon mutual trust between the South and North. The editorial advises the government to push ahead with its supply of rice to North Korea in an open manner, and not make approaches to the question of supplying rice to the North "from the standpoint of clandestinely carrying out operations," while citing the government's reluctance to clarify the Japanese news reports on the South-North contacts and its efforts to realize such contacts through KOTRA. At the same time, the editorial urges North Korea to come to the rice talks with a more sincere attitude.

The pro-government SEOUL SINMUN carries on page 7 a 700-word article written by reporter Ku Pon-yong that reviews the upcoming rice talks to be held in Beijing. The article reaffirms the ROK Government's position of sticking to the principle that proper priority should be given to the ROK providing rice rather than the Japanese, and that the authorities, rather than the civilian sector, should supply the rice with a view to promoting national welfare and paving the way for the improvement of South-North relations.

The left-leaning HANGYORE SINMUN carries on page 3 a 500-word article written by reporter Kang Taeho reviewing the secret contacts being made between high-ranking officials of the South and the North in Beijing. The article reports that the South and the North have held at least three rounds of contacts in Beijing: one contact between KOTRA and the Samcholli Company of North Korea; and two between Yu Chong-ha, senior presidential secretary for foreign and security affairs, and Chon Kum-chol, vice chairman of North Korea's Asia-Pacific Peace Committee on 13 or 14 June. The article concludes by citing one ROK businessman as expressing pessimism toward the talks.

The independent-moderate MAEIL KYONGJE SINMUN carries on page 4 a 700-word article written by reporter So Yang-won noting the South-North rice talks to be held in Beijing on 17 June. While noting the seriousness of North Korea's food shortage problem, the article reports that North Korea has asked the Hyundai Business Group for $100 million worth of rice and, at the same time, made secret contacts with the ROK side.

The article cites the high likelihood that the South-North vice-ministerial talks to be held in Beijing will serve as an opportunity to ease strained South-North relations and galvanize South-North economic cooperation.

The independent MUNHWA ILBO carries on page 3 a 900-word editorial reviewing the ROK dispatching Yi Sok-chae, vice minister of finance and economy, to Beijing on 17 June to have talks with the North Korean side on supplying rice.

The editorial urges the North Korean authorities to come to the dialogue table with sincerity, concerned that "if the North Korean authorities are trying to take advantage of the Beijing talks as a tactic to receive Japanese rice as quickly as possible, it will be unfortunate for the future of South-North relations." In conclusion, the editorial urges the North Korean authorities to be sincere in their talks with the ROK side on the supply of rice and urges the release of the crew of the No. 86 Usong from a humanitarian viewpoint.

Agreement With Japan on Aid

SK1706081895 Seoul KBS-1 Radio Network in Korean 0600 GMT 17 Jun 95

[FBIS Translated Text] A government official revealed that in connection with the issue of providing rice to North Korea, the ROK and Japan agreed in principle to provide rice to North Korea after inter-Korean dialogue is held.

The official said that the two countries have been fine-tuning their position since the issue of providing rice to North Korea was raised. On 16 June Foreign Minister Kong No-myong summoned Yamashita, Japanese ambassador to the ROK, and once again confirmed the position.

During the meeting, Foreign Minister Kong emphasized that in dealing with the issue of providing rice to North Korea, elements of South-North dialogue must be considered first, and it was learned that in this regard, Ambassador Yamashita had wholly agreed.

Another government official viewed that we will have to observe North Korea's attitude, which responded to hold dialogue with our authorities, but since there was an agreement between the ROK Government and Japan and there is critical public opinion within Japan on providing rice to North Korea, this issue will progress under close consultation between the ROK Government and Japan.

Inter-Korean Fund To Finance Aid

SK1706075595 Seoul YONHAP in English 0741 GMT 17 Jun 95

[FBIS Transcribed Text] Seoul, June 17 (YONHAP) — The South Korean Government has tentatively decided to procure rice to be supplied to North Korea out of the Inter-Korean Economic Cooperation Fund in case the proposed rice aid to the North is materialized.

A tentative decision to that effect was reached Saturday among relevant administrative agencies, a Finance and Economy Ministry official said.

The tentative decision came amid reports that the South and North are holding government-level talks in Beijing Saturday evening to discuss Seoul's proposed rice aid to Pyongyang, headed on the South by Vice Finance and Economy Minister Yi Sok-chae and on the North by Vice Chairman of the Asia-Pacific Peace Committee Chon Kum-chol.

The Inter-Korean Economic Cooperation Fund was established under the law governing exchanges and cooperation between the two Koreas, legislated in 1990, for the purpose of financing various forms of exchange and cooperation between the North and South.

The government plans to regard the proposed rice assistance to the North as an internal transaction in one nation to avoid possible complications, the official said.

The international agreement governing the disposition of surplus farm products, of which South Korea is an observer country, calls for prior discussions with countries exporting pertinent grains in the event agricultural products are offered to another country free, as a means of averting a possible trade dispute. The South Korean Government wants to avoid such complications.

In July 1991, a South Korean private firm Chonji Trade Co. offered 5,000 tons of rice to the North on the condition of bartering it with North Korean cement and anthracite coal. As North Korea failed to fulfil its obligation, the government compensated Chonji Trade for 1,272 million won (1,671,500 U.S. dollars) in price for the rice out of the Inter-Korean Economic Cooperation Fund.

The cooperation fund, comprising contributions from the government and the private sector, had the balance of 165 billion won (216,820,000 dollars) as of the end of May. The fund is to boost to 250 billion won (328,515,000 dollars) at the end of the year with 55 billion won set to be contributed by the government additionally.

Regime To Offer 50,000 Tons of Rice

SK1706090795 Seoul YONHAP in English
0858 GMT 17 Jun 95

[FBIS Transcribed Text] Seoul, June 17 (YONHAP) — South Korea is expected to propose at the inter-Korean vice ministerial-level rice talks opening in Beijing Saturday evening that it will supply to the North 50,000 tons of rice free in the first batch at an early date.

A ranking government official disclosed such a plan Saturday, adding that more rice can be provided to the North later depending on developments in inter-Korean relations.

Heading the Beijing talks are Vice Finance and Economy Minister Yi Sok-chae from the South and Vice Chairman Chon Kum-chol of the Asia-Pacific Peace Committee from the North.

The official opined that the North Koreans would find it difficult to reject South Korean proposals at the rice talks because, he said, they are well aware that they can receive rice aid from Japan only after accepting rice from the South.

In response to the offer of rice, the North is expected to suggest ways to expedite business cooperation between the two Koreas, the official said.

The Yi-Chon talks, following the first meeting Saturday evening, are likely to continue for three more days and discuss pending issues in general including the resumption of an inter-Korean dialogue, the official added.

Accord 'Nearly Reached'

SK1706121195 Seoul YONHAP in English
1204 GMT 17 Jun 95

[FBIS Transcribed Text] Beijing, Jan. 17 (YONHAP) — South and North Korea nearly agreed Saturday that the South will provide the North with 150,000 tons of rice free of charge without any preconditions, according to diplomatic sources here.

The near agreement was reached at the inter-Korean vice ministerial-level rice talks that opened at the Beijing Hotel here at 3 pm Saturday with the South Korean delegation headed by Vice Finance and Economy Minister Yi Sok-chae and the North Korean team led by Vice Chairman Chon Kum-chol of the Asia-Pacific Peace Committee.

An accord was nearly reached on Seoul's rice aid to Pyongyang when South Korea virtually accepted a North Korean request to that end, according to the sources.

The two sides will continue their discussions until mid-next week including Sunday, the sources said.

The officials of the Korea Trade Promotion Corp. (KOTRA) from the South and Samcholli General Corp. from the North, who paved the way for the vice ministerial-level talks, held a preliminary meeting at the International Hotel here Saturday morning to discuss the scale of the rice aid, methods of supply and procedures for delivery, according to the sources.

In the meantime, the South Korean delegation, to keep security, reportedly flew into Beijing Saturday morning in two teams — one via Tokyo and the other via Hong Kong.

South Delegate's Mandate Viewed

SK1806042695 Seoul CHOSON ILBO in Korean 18 Jun 95 p 2

[Article by correspondent Pak Sung-chun based in Beijing]

[FBIS Translated Text] The South-North rice talks were held between Yi Sok-chae, ROK vice minister of finance and economy, and Chon Kum-chol, vice chairman of North Korea's Asia-Pacific Peace Committee, in Beijing on 17 June. These talks were held in strict secrecy, as were the preliminary talks held prior to that morning between the Korea Trade Promotion Corporation (KOTRA) and the Samcholli General Company of North Korea.

Our side's five delegates, including Vice Minister Yi, arrived in Beijing yesterday morning via Japan or Hong Kong by separate airplanes, not using the direct Seoul-Beijing air route of Korean or Asiana Airlines, in order to avoid reporters.

Even though Chon Kum-chol had been in Beijing since 8 June, North Korea had been spreading a false rumor that "Vice Chairman Chon Kum-chol had already returned to Pyongyang on 13 June," all the while secretly making preparations for the talks with Vice Minister Yi.

Prior to his departure from Pyongyang on 3 June to participate in the current talks, Chon Kum-chol met with Kim Yong-sun, director of the International Department of the Workers Party of Korea, who gave Chon directives for three hours. According to sources in Beijing, these directives told Chon: "We are pressed for time. With my authority, Vice Chairman Chon should achieve success in the negotiations with the South."

Kim Yong-sun reportedly issued directives to Chon saying: "As far as the routing of the rice is concerned, you should see to it by all means that the rice is supplied on a civilian basis, and that 150,000 tonnes of rice is supplied in such a way that each of the various civilian enterprises in the South supplies 20,000 to 30,000 tonnes of rice respectively, or as much as you can."

According to sources versed in the talks in Beijing, in addition to the question of the rice supply, Chon Kum-chol will also bring up in his talks with Vice Minister Yi Sok-chae the question of the South and North jointly hosting several events, such as sports and cultural exchanges, in Seoul and Pyongyang on the occasion of the 15 August national liberation anniversary.

While these talks were underway Saturday, officials of the ROK Embassy in the PRC and the KOTRA Trade Center in Beijing finished their workday at noon, saying: "We have not received any directives from the home country, nor do we know anything about the rice talks."

The delegates to the rice talks were originally scheduled to have dinner at the Shangri La Hotel, which is located on the outskirts northwest of downtown Beijing, at 2000 in the evening after finishing their afternoon talks. However, finding ROK and Japanese reporters waiting for them in front of the restaurant, and in order to avoid the reporters, the delegates scattered in various directions and hastily left the hotel.

They dined later somewhere else, then returned to the Shangri La Hotel and went on with their talks.

At 0320 on 18 June, the North Korean delegation sent away their embassy vehicles, which had been waiting in front of the hotel, thus continuing the talks far into the night.

DPRK Chief Delegate Interviewed

SK1806075295 Seoul HANGYORE SINMUN in Korean 18 Jun 95 p 2

["Exclusive interview" with Chon Kum-chol, vice chairman of North Korea's Asia-Pacific Peace Committee and chief delegate to the South-North rice talks in Beijing, by HANGYORE SINMUN correspondent Yi Kil-u in Beijing on 17 June; first two paragraphs and last paragraph are HANGYORE SINMUN introduction, conclusion]

[FBIS Translated Text] In an exclusive interview with HANGYORE SINMUN after emerging from the first round of high-level talks held in Beijing to discuss the rice supply issue with the South side, Chon Kum-chol, vice chairman of North Korea's Asia-Pacific Peace Committee, looked relatively satisfied, stating: "We had a good start. It appears that the talks will proceed smoothly."

Vice Chairman Chon expressed an optimistic view of the prospects for the talks after meeting for the first time with Yi Sok-chae, ROK's vice minister of finance and economy and the South's chief delegate, at the Beijing Guibinlou Hotel located in the vicinity of Tiananmen Square from 1500 to 1910. The questions and answers are as follows:

[Yi Kil-u] After a long time, high-ranking officials of the South and the North have met in a third country. What is your view now?

[Chon Kum-chol] It is still premature to talk about what will become of the talks. I think the beginning was good.

[Yi] What proposal did you put forth to the South Korean side in today's talks?

[Chon] I cannot talk about that yet. I think that what we want will be disclosed in the process of the future talks.

[Yi] What was the response from the South Korean side to the North side's proposal?

[Chon, smiling] I understand that they have a relatively positive view.

[Yi] How long in the future do you think the talks will continue?

[Chon] This is only the beginning. The talks will continue in Beijing for several days.

Vice Chairman Chon used a very refined way of talking because he has served as a spokesman for the South-North Coordination Committee for more than 20 years. After the first round of talks, he jumped into a black Mercedes Benz (plate number Sa133-005) along with five other delegates from the North and headed for the North Korean Embassy in Beijing.

Talks May Lead to Official Contacts

SK1806110595 Seoul CHUNGANG ILBO in Korean 18 Jun 95 p 3

[FBIS Translated Text] South and North Korean authorities could resume official contacts, which have been suspended for a long time, via the meeting between South and North high-level authorities held in Beijing on 17 June to discuss the issue of providing rice aid to North Korea.

Since Kim Il-song died last year, North Korea has persistently avoided contacts between South and North Korean authorities due to the ROK's refusal to pay condolences over Kim's death. It, however, has finally acceded to an official contact between South and North Korean authorities.

Accordingly, people expect this contact will serve as momentum for the resumption of South-North dialogue. Of course, some people caution that it is still too early to be optimistic because it has not been confirmed that North Korea considers the contact official, as our government does.

It is a great change, however, that North Korea acceded to a South-North contact, which can be regarded as official high-level talks.

Moreover, the great change represented by North Korea's acceptance of a contact with the South enables us to expect mid- or long-term improvement in South-North relations, even though they will not be rapid.

North Korean authorities who met with South Korean and foreign businessmen have reportedly expressed the position that North Korea will allow foreign companies to advance, not only into the Najin-Sonbong area, designated as a special free economic zone, but into many other places.

North Korea is also taking measures to transfer a large portion of the central government's authority on external trade to various local organizations in a bid to overcome a serious food crisis and a shortage of various kinds of daily necessities.

These moves clearly show that North Korea has come to realize that opening up is inevitable for solving food and other economic problems. The South-North contact on the rice issue also reflects this situation of North Korea, and it is highly likely that an atmosphere for South-North exchanges, cooperation, and reconciliation will be created.

North Korean experts say that even though it is possible North Korea is "playing with" the ROK, North Korea will have no other choice than to accept South-North dialogue to maintain its system.

That is, after some changes, such as playing a tug-of-war between the United States and Japan, North Korea is expected to finally come to dialogue with South Korea.

Some experts are concerned about the disorder that may occur due to the possible North Korean attitude to acquire maximum interests by using the South-North summit as a card in contacts with the ROK authorities and using the right to advance into North Korea as another card in contacts with ROK businesses.

It has been learned that Chongwadae [presidential offices] has prepared for South-North summit talks, stalled since the sudden death of Kim Il-song last year, and is now accelerating the preparations based on this change in North Korea's attitude.

Daily on 'Story Behind' Talks

SK1806114095 Seoul CHOSON ILBO in Korean 18 Jun 95 p 2

[Article by Kang Hyo-sang: "The Story Behind the South-North Contact"]

[FBIS Translated Text] It has been learned that the talks between vice-ministerial level officials of the South and the North had been secretly prepared and pushed for by an aide close to President Kim Yong-sam at least before June. This aide, who is merely identified as a non-government official, had reportedly prepared for the talks by dispatching a secret envoy to Beijing on three or four occasions to make secret contacts with North Korea.

One reliable source said: "The vice-ministerial talks were realized in accordance with our government's plan and initiative. We needed at least vice-ministerial-level talks to prove that North Korea is responding to the dialogue between the authorities concerned of the South and the North as required by our side by withdrawing its call for an apology for the incident involving the expression of condolences over Kim Il-song's death."

This source added: "In my view, North Korea finally accepted our side's demand because it has such an urgent internal situation."

One ROK businessman who has recently been to North Korea said: "It is clear that North Korea has earnestly embarked upon the road of opening up due to its economic situation."

In the beginning of the South-North secret contacts, the North Korean side insisted upon a civilian-based rice supply, while Chongwadae [the presidential offices] stuck to its strong position, saying "the supply of rice will be impossible without dialogue between the relevant authorities of the two sides." Under these circumstances, the secret contacts experienced rough going, but a breakthrough was finally made as North Korea changed its stance.

It was learned that Yi Sok-chae, vice minister of Finance and Economy, was designated as the delegate from the ROK Government side in early June when the incident at Korea Telecom reached its peak.

It has been analyzed that a positive response might already have been conveyed to the ROK from North Korea around the time President Kim Yong-sam directly designated the vice minister.

One source said that Vice Minister Yi was chosen not only because he is well-versed on the rice issue due to the fact that he was once vice minister of Agriculture, Forestry, and Fisheries, but also because he is deeply trusted by President Kim among all vice minister-level officials in the government. According to other sources, Song Yong-tae, vice minister of National Unification, could also have been appointed; but at the last moment he was not picked in consideration of the fact that his relations with the North Korean side deteriorated when a North Korean delegate made a fuss by making remarks about "engulfing Seoul in a sea of fire" during the past inter-Korean dialogue.

Another source said: "Considering that Yi, vice minister of Finance and Economy, is trusted by President Kim, it appears that wide-ranging South-North economic cooperation, as well as the rice issue, will be discussed." He went on to note that in addition, it was likely that the delegates would hold in-depth discussions about the question of South and North Korea jointly pushing for a certain kind of event on the occasion of the upcoming 15 August national liberation anniversary.

Since he was picked as the delegate in early June, Vice Minister Yi has shown a different attitude, for example, leaving with a tense look without telling ministry officials where he was going. In addition, he has frequently gathered data on inter-Korean economic cooperation without letting working-level ministry officials know the purpose.

Vice Minister Yi had not informed even his secretaries or close aides of the inter-Korean contact, thereby maintaining tight security for more than 10 days until 17 June. Looking at the somewhat strange acts of Vice Minister Yi since early June, those at the Ministry of Finance and Economy even whispered that "he might be being promoted to minister."

Vice Minister Yi's strange behavior finally ended at around 1100 on 16 June when he abruptly broke off a meeting and left the ministry building carrying a briefcase. On the afternoon of 15 June, Vice Minister Yi canceled his appointments for Saturday, 17 June; and it was confirmed that on 16 June, he phoned his home to check if his parents had arrived from the United States.

Fearing that the media might report on his designation as a government delegate, Vice Minister Yi had stopped all contacts with the outside world. On the morning of 17 June, he breakfasted somewhere, stopped by Chongwadae, and headed directly for the airport. At one point, there were rumors that Vice Minister Yi would board a Korean Airline flight bound for Beijing at 1035 at Kimpo Airport, so reporters staying at the airport caused a commotion by even boarding the plane. At the very hour, he left Seoul Airport for Beijing on a special plane. One source said: "Because there was an agreement that the South-North talks should be carried out in secrecy, it was difficult for him to use Kimpo Airport or a regular commercial flight."

In reply to a question as to "whether North Korea may be trying to accept only Japanese rice while pretending to conduct inter-Korean talks," another high-ranking government source expressed optimism, saying: "Because it has an urgent food shortage problem, North Korea will be trying to accept both our rice and Japanese rice."

This source went on to say: "Because the talks between the authorities concerned have been realized, if North Korea calls for civilian-based rice supplies, the possibility exists that we may accept North Korea's request generously."

Some government officials even construe the current South-North vice-ministerial talks as an important, preliminary meeting aimed at not only supplying rice, but also some kind of joint event on the occasion of the 15 August national liberation anniversary.

Business Sector's Reaction Viewed

SK1806213195 Seoul MAEIL KYONGJE SINMUN in Korean 18 Jun 95 p 3

[Report by Hyon Mun-hak from Beijing]

[FBIS Translated Text] Yi Sok-chae, vice minister of Finance and Economy, and Chon Kum-chol, vice minister of the Asia-Pacific Peace Committee of North Korea, began South-North vice ministerial talks on the issue of providing rice aid to North Korea.

The talks are the focus of public attention because the sides upgraded the level of delegates for the negotiations in a bid to decide on a government-level principle on the rice issue, which could not be achieved in previous working-level contacts.

It was inevitable that North Korea acceded to the South-North contact because there was no progress in the ROK's civilian-level rice aid demanded by North Korea and because official negotiations with the South are compulsory in order to receive rice aid from Japan.

Also, North Korea's request for open negotiations at a government level indicates that North Korea is approaching the issue from a different viewpoint than it held for previous nonofficial working-level contacts.

In other words, believing that its demand for civilian-level rice aid has reached its limit, North Korea has acceded to official negotiations with the ROK.

Since last year North Korea has been contacting ROK businessmen in Beijing to solve serious food problems. ROK businessmen, however, reacted negatively to North Korea's request for civilian-level food aid.

Our businessmen stated that "they are willing to provide food to North Korea, but that this was an issue to be discussed on a government level."

ROK companies are very carefully approaching trading rice and industrial products with North Korea, whose system has yet to be established, and are adhering to the position that it is difficult to accept in any way North Korea's demand for provision of rice free of charge.

Observing the government-level negotiations on the rice issue, our companies say they cannot help but take their own measures after a government-level principle is decided.

Our companies, however, feel that if a government-level agreement is reached, it will favorably influence their advance into North Korea. ROK businesses that are seeking economic cooperation with North Korea, with Beijing as a base, accordingly expect that the ongoing South-North vice ministerial negotiations will serve as an important impetus for promoting South-North economic cooperation.

In particular, with the rapid reduction in food imports from China, North Korea is faced with the urgent task of securing food for this summer. This is why North Korea has been appealing not only to our companies, but to Chinese companies, to provide food aid.

Regarding this, ROK Ambassador to China Hwang Pyong-tae stated: "North Korea's food problems have been aggravated since Kim Il-song's death. We must cope with this in an appropriate, strategic way."

Observers in Beijing surmise that North Korea can endure the current food shortage crisis no longer than five years.

Japan's 'Hastiness' Questioned

SK1806094595 Seoul TONG-A ILBO in Korean 18 Jun 95 p 3

[Article by Yi Tong-kwan from Tokyo]

[FBIS Translated Text] Various suspicions and doubts are arising about the motive of the Japanese ruling coalition parties' excessive hastiness to provide rice aid to North Korea.

In particular, an intriguing rumor is circulating that "the Liberal Democratic Party of Japan [LDP], which has played a leading role in promoting Japan's rice aid to North Korea, is supposed to receive political funds as a kickback for its mediation of the rice aid."

The coalition parties' hastiness to provide rice aid to North Korea was clearly shown by their behind-the-scenes advice to South and North Korea to hold talks in Beijing. In fact, it has been confirmed that several days before the contact between North Korea's Samcholli Corporation and the Korea Trade Promotion Corporation of the ROK in Beijing, Michio Watanabe, former deputy prime minister, who led a coalition parties' delegation visiting North Korea, told reporters: "Certain negotiations are going to be held between South and North Korea."

The Japanese ruling coalition has adhered to the rice aid for a political purpose to achieve "the resumption of North Korean-Japanese talks following rice aid" before the election of councillors slated for July.

In a situation in which voters dislike existing parties, as shown in the local elections in April, the ruling coalition intends to find a way to use the rice aid issue to normalize diplomatic ties with North Korea, which is a pending Japanese diplomatic issue, and to use this as a card for political propaganda.

The ruling coalition's adherence to rice aid to North Korea is also attributed to the political purposes of the so-called "YKK group" — including former Prime Minister Watanabe, who wishes to be appointed leader of the coalition parties at the forthcoming party convention to be held in the fall, and Koichi Kato, chairman of the LDP Policy Affairs Research Council, who intends to take party leadership by captivating the younger generation.

In addition, a rumor is even circulating that the coalition parties' excessive hastiness in providing rice aid to North Korea is because "North Korea promised to give the LDP political funds of several billion yen in return for it acting as an intermediary for rice aid, and has already deposited an advance in a Japanese bank."

A North Korean agricultural delegation that will visit Japan around 20 June reportedly is charged with the duty of settling the matter of providing the political fund to the LDP.

Regime Plans Fast Delivery

SK1806094995 Seoul YONHAP in English 0939 GMT 18 Jun 95

[FBIS Transcribed Text] Seoul, June 18 (YONHAP) — As soon as a rice agreement is reached with North Korea in Beijing, Deputy Prime Minister and National Unification Minister Na Ung-pae will call a meeting of unification-related ministers to discuss follow-up measures to the agreement.

In addition, the working-level action plan meeting for food aid to North Korea will be put into full operation to take measures for delivery of the agreed-on quantity of rice to the North at the earliest possible date, a government official said Sunday.

The action plan meeting consists of working-level officials of Chongwadae [presidential offices], the prime minister's office and the Foreign, Agriculture-Forestry-Fisheries, and Construction-ransportation Ministries.

The official said the government had almost completed preparations for rice shipments to the North, adding, "upon the conclusion of the Beijing talks, the government will discuss measures to ship rice to the North at the earliest possible date in a meeting of related ministers."

The measures will include sending unhulled rice to mills for polishing and transporting the polished rice to the North, as the North Koreans must want to receive rice before the rainy season comes, he remarked.

It usually takes a month to collect unhulled rice for polishing in mills and inter-ministry discussions are necessary to shorten this period, he added.

Return of Sailors' Bodies Discussed

SK1806133795 Seoul KBS-1 Television Network in Korean 1200 GMT 18 Jun 95

[Report by Pak Tae-son from Beijing]

[FBIS Translated Text] The amount of rice to be provided by the ROK to the North is the sticking point in the South-North talks in Beijing. Yesterday, North Korea demanded a grant of 300,000 tonnes of rice, while our side proposed the supply of 50,000 tonnes. Today, however, our side revised its proposal and suggested it will provide 150,000 tonnes of rice. If South and North Korea agree to the unconditional provision of 150,000 tonnes of rice, it is possible that the rice will be shipped from the east coast this week.

Accordingly, our side has reportedly decided to accept North Korea's formal letter of request for rice aid in the name of the Asia-Pacific Peace Committee of the North Korea's Workers Party signed by its Vice Chairman Chon Kum-chol. The South and North Korean delegates are expected to sign the North Korean letter of request tomorrow morning.

It has also been reported that in today's talks North Korea agreed to return the bodies of the crewmen of the ROK fishing boat Usong, which was captured in Chinese waters, and the sides tentatively agreed that the ROK will provide the additional rice requested by North Korea after observing progress in the light-water reactor issue and South-North dialogue.

Japan Notes 'Delayed' Shipment

SK1906004995 Seoul YONHAP in English 0035 GMT 19 Jun 95

[FBIS Transcribed Text] Seoul, June 19 (YONHAP) — Tokyo has informed Seoul that its rice supply to Pyongyang will be delayed due to problems involving the conditions of transaction and transportation, a senior government official said Monday.

The Japanese Government informed South Korean officials at an informal gathering of their Foreign Ministry Asia Bureau directors-general in Tokyo last Friday and Saturday, according to the official.

Denying as "untrue" press reports that Tokyo has decided to ship 300,000 tons of rice to North Korea within the month, the official said, "Japan's offer of rice to North Korea is different from the South's rice aid to the North, being realized as a transaction in the same nation on a humanitarian basis. Because Japan has no diplomatic relations with North Korea, it is complicated to decide under what terms the rice will be provided to the North."

Japan may be able to ship a limited quantity of rice stocked in piers after South Korea has supplied its rice to the North, the official opined, adding, "Because they have to ship rice by sea, however, it will take them several months to ship hundreds of thousand of tons of rice to the North after going through the process of polishing, transporting and lading."

At the informal talks in Tokyo, South Korea and Japan reaffirmed an earlier agreement in which Japan would offer rice to the North after South Korea, according to the official.

The two sides also agreed to coordinate their positions on the matter by sending a Japanese delegation to Seoul or via diplomatic channels as soon as the ongoing inter-Korean rice talks in Beijing are concluded, the official added.

Free Rice, More Aid Planned

SK1906050995 Seoul YONHAP in English
0448 GMT 19 Jun 95

[FBIS Transcribed Text] Seoul, June 19 (YONHAP) — The South Korean Government has decided to deliver 50,000 tons of rice to North Korea at the earliest possible date without attaching any strings to the offer and plans to increase the North-bound shipments' volume on a gradual basis depending on future developments, a senior government official said Monday.

The rice will be offered as long-term and low-interest credit, of which payment will be made in the form of counterpurchases, according to the official.

"The inter-Korean vice ministerial-level rice talks in Beijing have all but been concluded, and their outcome will be made public as early as Monday afternoon," the official said.

Touching on the official South-North Korean talks in the Chinese capital, the first of their kind since North Korea's former President Kim Il-song's death on July 8 last year, the official said, "50,000 tons of rice will be supplied to the North immediately, and more will be shipped later depending on developments."

The Korea Trade Promotion Corp. (KOTRA) will forward the rice to The North's Samcholli General Corp., and the transaction will be financed by the grain management fund by diverting funds from the inter-Korean cooperation fund, the official said.

As to the method of transporting the rice, Seoul prefers it be sent by land, while Pyongyang wants it sent by sea. The official, however, indicated that the rice could be shipped to the North, saying "the method of transportation is not a big problem."

Regime Hopes Talks To Improve Ties

SK1906062595 Seoul YONHAP in English
0511 GMT 19 Jun 95

[FBIS Transcribed Text] Seoul, June 19 (YONHAP) — South Korea hopes that the ongoing talks on the provision of rice to North Korea currently taking place in Beijing will foster an atmosphere favorable to the improvement of inter-Korean relations, including the release of South Korean fishermen who were aboard the Usong No. 86 trawler when it was recently seized by the North.

"We thought initially that the North agreed to have talks with South Korea on the provision of rice to the North only to accumulate cause to receive rice from Japan," a Foreign Ministry official said. "The North, however, displayed a sincere attitude towards the rice talks in Beijing, hinting that their motives might have changed."

In this context, South Korea is trying to make the most of the vice-ministerial talks going on in Beijing between the South and North in order that the talks may serve as a catalyst for the resumption of substantial inter-Korean relations in the near future, according to the official.

Confirming that the South and North had two rounds of talks in Beijing over the past weekend to discuss the provision of rice to the North, he said that South Korea will provide 50,000 tons of rice in its first installment of aid to the North, which is suffering from a severe food shortage caused by bad weather over the past year.

Additional supplies of rice will be made to the North in accordance with the improvement in inter-Korean relations, he said.

Ministry on Japan's Rice Aid

SK1906090895 Seoul YONHAP in English
0859 GMT 19 Jun 95

[FBIS Transcribed Text] Seoul, June 19 (YONHAP) — It will take a substantial period of time for Japan to actually deliver rice to North Korea even after its government officially decides on the aid, a Foreign Ministry official said Monday.

Dismissing reports from Japanese media sources which said that the Japanese Government will soon deliver about 300,000 tons of rice to aid the communist country which is suffering from a severe food shortage, the official, who asked not to be identified, also said that the Japanese Government has yet to decide on the exact amount of rice to be offered to the North.

"The Japanese informed South Korea that they will decide how much rice to send North Korea after South Korea concludes their rice talks with the North in Beijing," he said, hinting that Tokyo will make its decision after considering how much rice the South agrees to supply the North.

Quoting Japanese officials, he said that the North Koreans asked Japan to provide as much rice as possible without requesting a fixed amount.

"The Japanese said that they had about 840,000 tons of rice in stock," adding, "however, the entire amount will not go to the North."

On the timing of the delivery, he said "Imagine we send 100,000 tons of rice to the North. That much rice would require thousands of 10-ton trucks to deliver the rice to ports and many huge ships. We need time."

Another hurdle to the early delivery of rice to the North is lack of diplomatic relations between North Korea and Japan, he said, adding that it will also take time for the two countries to arrange the necessary procedures.

He, however, did not link the resumption of Pyongyang-Tokyo talks concerning the normalization of diplomatic relations between the two countries with the rice aid, saying "I cannot say that the Japanese will not resume normalization talks before they send the first batch of aid rice to North Korea."

50,000 Tons Offered; North Accepts

SK1906111695 Seoul YONHAP in English 1100 GMT 19 Jun 95

[FBIS Transcribed Text] Beijing, June 19 (YONHAP) — South and North Korean officials had talks here for the third straight day Monday on the issue of rice and other related matters.

An informed source here said the two sides reaffirmed Sunday's decision for the South to supply rice to the North at the soonest possible time and exchanged opinions on pending inter-Korean issues centered on economic cooperation.

The source said that under the agreement rice shipment to the North could begin next week and the point of delivery will be the Chongjin Harbor in northeastern North Korea.

The source having access to the talks said Finance and Economy Minister Yi Sok-chae from the South and Chon Kum-chol, vice chairman of the North's Asia-Pacific Peace Committee, agreed on the volume of the rice to be shipped initially, 50,000 tons.

"The negotiators reached the understanding that when economic cooperation resumes as they agreed, they would discuss further rice provision by the South to the North," he said.

At Monday morning's session held at Hotel Shangri La, the two sides discussed the time of rice delivery, ports of lading and delivery, and the issue of resuming economic cooperation.

Unlike the earlier assumption that the volume of the rice South Korea would provide to the North would be 150,000 tons, South Korea offered the initial shipment of 50,000 tons and the North Koreans, disappointed at the "unsatisfactory" amount, first waged a "war of nerves" driving the talks to the brink of breakup at a time, the source said.

The source said that North Korea, being a recipient, did not disclose the amount of rice they wish to have from the South.

"But, what they feel seems to be that the 50,000 tons are far less than what they expected to have initially," he said, adding that it remains to be seen what impact their discontent would have on future South-North economic cooperation.

Article Analyzes Food Shortage in North

SK1706090395 Seoul TONG-A ILBO in Korean 17 Jun 95 p 3

[Article by Sim Pyong-hui]

[FBIS Translated Text] North Korea is reportedly suffering from a far more serious food problem than previously thought.

According to data released by the Ministry of Agriculture, Forestry, and Fisheries on 16 June, North Korea needs 6.72 million tonnes of grain this year, but its actual grain supply is only 4.13 million tonnes. Accordingly, North Korea is short 2.59 million tonnes of rice.

In particular, North Korea yielded only 1.502 million tonnes of rice in 1994, while the total demand for rice is 2.4 million tonnes.

The production of corn — the second most important food in North Korea, following rice — was only 2.138 tonnes in 1994, and that of potatoes and sweet potatoes was no more than 240,000 tonnes.

Moreover, the rapid reduction of rice and corn imports from China for the past several years has also aggravated North Korea's food problems.

In a bid to overcome this serious food crisis, North Korea has cut rations under the ruse of storing "rice for war" and "rice for the country" since the beginning of this year, with a goal to save 1 million tonnes of grain. North Korea is also promoting imports of 1.59 million tonnes of grain from foreign countries, such as Thailand and Japan.

North Korea's food problems became more serious with the serious drought in 1990.

According to an estimate by the UN Food and Agriculture Organization, North Korea was short 1.3 million tonnes of grain, including rice, in 1991; 2.3 million tonnes in 1992; and 2 million tonnes in 1993.

It is estimated that North Korea's total grain yield was 4.81 million tonnes in 1990, 4.43 million tonnes in 1991, 4.27 million tonnes in 1992, and 3.88 million tonnes in 1993.

It has been confirmed that because of the aggravated food problems, North Korea imported 150,000 tonnes of wheat from the United States in 1991 and imported 250,000 tonnes of U.S. grain (approximately $200 million worth) in 1992 and 1993.

It was also reported that people's "food riots" have taken place several times in North Korea. North Korea's food situation is so serious that Chinese figures and overseas Korean compatriots are even advised to bring their own food when they visit North Korea.

It is analyzed, in particular, that North Korea's serious shortage of foreign currency since the beginning of this year, as well as the rapid rise of international grain prices, is further aggravating North Korea's food problems.

DPRK Asked Hyundai for $100 Million Loan

SK1806103695 Seoul CHUNGANG ILBO in Korean 18 Jun 95 p 1

[Report by correspondent Pak Pyong-sok based in Beijing]

[FBIS Translated Text] It was learned on 17 June that Chon Kum-chol, adviser [title as published] of North Korea's Asia-Pacific Peace Committee who is a North Korean delegate to the rice talks currently underway in Beijing, asked the Beijing branch office of the Hyundai Business Group last month for a loan of $100 million, as well as for the supply of rice, crude oil, and coal.

According to a reliable high-ranking ROK source who is affiliated with the current rice talks, adviser Chon also asked that he meet with Chong Chu-yong, honorary chairman of the Hyundai Business Group, in Beijing as quickly as possible to discuss the matter.

It was learned that in reply to this, Hyundai Group had conveyed a reserved position on the grounds that it would be difficult for Honorary Chairman Chong to visit the PRC and that it would be necessary for Hyundai to have preliminary consultations with the ROK Government with regard to the requested matter.

This source also said that adviser Chon repeatedly stressed to the Hyundai Group official concerned that North Korea's food problem was very serious. This source said: "As the Hyundai Group showed a reserved position to his proposal, adviser Chon had two rounds of contacts with the Korea Trade Promotion Corporation (KOTRA) in early June, and, as a result, the current vice-ministerial talks came to be held."

'Drastic Increase' in DPRK Activity in DMZ

SK1806095795 Seoul CHUNGANG ILBO in Korean 18 Jun 95 p 2

[Report by Kim Song-chin]

[FBIS Translated Text] The North Korean Army has drastically increased its activity in the DMZ in recent months, which is taken to be the initiation of a full-fledged operation to incapacitate the Korean Armistice Agreement by virtually territorializing the DMZ.

According to the Ministry of National Defense [MND], the number of North Korean Army activities in the DMZ in the two-month period of April and May numbered some 200 — 3.5 times as many as in the same period last year (some 60).

During the period, the scale of the North Korean Army's activity was mostly under 10 soldiers per incident, but in some 30 cases there were over 10 soldiers involved and in five cases there were over 20 soldiers involved.

An MND official stated: "The North Korean Army's activity in the DMZ consists mostly of normal operations, such as detection of mines, reclamation of pathways, maintenance of obstacles, maintenance of barbed wire, removal of earth and fallen trees, and laying of mines in the vulnerable area. However, the drastic increase in the North Korean Army's activity, such as the reclamation of pathways, must be aimed at virtually territorializing the North side's area of the DMZ in order to incapacitate the Korean Armistice Agreement."

North Plans To Test Missiles in 'East Sea'

SK1906012695 Seoul YONHAP in English 0116 GMT 19 Jun 95

[FBIS Transcribed Text] Tokyo, June 19 (YONHAP) — North Korea is preparing to test-fire missiles in the East Sea [Sea of Japan] as early as this month, the SANKEI SHIMBUN reported Monday, citing a Japanese Government source.

A U.S. reconnaissance satellite recently detected cranes and trucks loaded with missiles apparently making prepartions to test- fire them at an unidentified place in North Korea and the U.S. Government has advised the Japanese Goverment of the findings, the source was quoted as saying.

North Korea has test-fired missiles into the East Sea three times before — first test-firing the Nodong-1 ballistic missile in 1993 and the second and third times test-firing the Silkworm ship-to-ship missiles, in May last year and in March this year.

North Korea appears to be preparing to test-fire the missiles while the East Sea's weather conditions are favorable, before the arrival in July of the rainy season, the conservative Japanese-language newspaper said.

The source said that in view of the recent light-water reactor accord with the United States and the ripening mood in North Korea towards resuming suspended normalization talks with Japan, the North Koreans might come short of an actual test-fire, being replete with a jet-propulsion test.

A Foreign Ministry source was quoted as saying, "We wouldn't be surprised if the North Koreans conduct a missile test fire in the same manner as before, according to their own needs."

Poll: Men 'Ready To Fight' if North Attacks

SK1906074495 Seoul YONHAP in English
0304 GMT 19 Jun 95

[FBIS Transcribed Text] Seoul, June 19 (YONHAP) — More than six out of every 10 South Korean citizens worry about the nation's security and defense posture and more than eight of every 10 men in their 20s said they are ready to fight if North Korea attacks, according to a recent poll.

The poll, which interviewed 1,000 adults aged 20 and older from across the country, conducted by the Korea Research June 8-10 at the request of the Information Ministry, revealed that 61.7 percent of the respondents were concerned about the nation's defense posture — 44.4 percent were somewhat concerned and 17.3 percent were very concerned. Only 37.8 percent said they were not at all concerned.

And 53.2 percent said the state of affairs in North Korea and the international situation cause them to worry about South Korea's security situation.

Asked what they would do if the nation was on the brink of war, 29.3 replied they would prepare themselves to fight, while 12.4 percent said they would act according to the government's instructions, 11.4 percent said they would prepare emergency food and refuge in case of war, 8.2 percent would take care of family members, and 7.3 percent would make no changes to their current behaviour.

Asked what they would do if North Korea attacks, however, 66.3 percent of the male respondents in the 20-30 age group said they would volunteer to join the Army and fight and 13.8 percent replied they would join the Army if and when they received draft notices, indicating that 80.1 percent are determined to fight if North Korea attacks.

Only 2.5 percent said they would not join the Army, while 14.2 percent replied their actions would depend on the situation.

As for the possibility that North Korea would wage a war on South Korea as a means of settling its economic crisis or sidestepping its people's mounting complaints, only 36.6 percent of the respondents considered it a real possibility, while 56.5 percent did not.

Reaction to G-7 Summit Stance on Korean Affairs

Summit To Stress N-S Dialogue

SK1706045995 Seoul YONHAP in English
0454 GMT 17 Jun 95

[FBIS Transcribed Text] Seoul, June 17 (YONHAP) — U.S. Secretary of State Warren Christopher and Japanese Foreign Minister Yohei Kono will stress during the ongoing G-7 summit meeting that substantial progress in inter-Korean dialogue is important to ease tension on the Korean peninsula and to settle the North Korean nuclear issue, Foreign Ministry Spokesman Yu Kwang-sok said Saturday.

In a letter in both their names addressed to Foreign Minister Kong No-myong dated Friday, Christopher and Kono said that they will stress the importance of an inter-Korean dialogue at the Halifax, Canada, where summit talks among seven of the world's advanced democracies are underway, Yu said.

The letter also expressed satisfaction with the results of the just-concluded Kuala Lumpur talks between North Korea and the United States on the provision of two light-water reactors to North Korea in exchange for the North's freezing and eventual scrapping of its nuclear facilities suspected of producing weapons-grade plutonium, according to the spokesman.

Christopher and Kono also said in the letter that the Kuala Lumpur agreement guarantees that South Korean reactors will be provided to the North and that South

Korea will play a central role in the light-water reactor project, Yu said.

Kong is expected to have a telephone conversation with Kono Sunday morning when the G-7 summit meeting ends to hear from Kono on the result of the Halifax Summit, Yu said.

In addition, Japanese Foreign Ministry's Deputy Director General Hayashi Sadayuki will fly to Seoul Wednesday to explain the results of the Halifax talks to Seoul officials.

South Korea has requested member countries attending the G-7 summit issue a joint statement urging North Korea to fully and speedily implement the Geneva nuclear agreement and the nuclear safeguards agreements as a signatory to the Nuclear Nonproliferation Treaty (NPT).

The Seoul Government has also demanded that the heads of the G-7 member countries adopt at the end of the Halifax talks a statement calling for the North to show its willingness to resume an inter-Korean dialogue and fully implement an inter-Korean agreement on the nuclear-free Korean peninsula.

South Korea also wants the statement welcoming the outcome of the Kuala Lumpur nuclear talks between North Korea and the United States.

Stance on DPRK Nuclear Issue Lauded

*SK1906005095 Seoul YONHAP in English
0040 GMT 19 Jun 95*

[FBIS Transcribed Text] Seoul, June 19 (YONHAP) — South Korea Monday welcomed the joint declaration issued Sunday at the end of the G-7 summit talks in Halifax, Canada, which called on North Korea to abide by the international nuclear safeguards, urged the North to resume an inter-Korean dialogue and called on the world community to join the international consortium for the provision of light-water reactors to North Korea.

A Foreign Ministry statement said that "the joint declaration was made at an opportune time when international support and cooperation are needed for the smooth implementation of the light-water reactor project through the Korean Peninsula Energy Development Organization (KEDO)."

The statement also expressed satisfaction with the world community's concern and support for the solution to the North Korean nuclear issue through the framework agreement reached between the United States and North Korea.

Banks Seeking Deals With DPRK Counterparts

*SK1706130095 Seoul YONHAP in English
1256 GMT 17 Jun 95*

[FBIS Transcribed Text] Seoul, June 17 (YONHAP) — With the possibility of inter-Korean economic cooperation rising due to the South's forthcoming provision to the North of two light-water nuclear reactors, banks in Seoul are making earnest efforts to establish correspondence relationships with their North Korean counterparts.

The Korea Exchange, Cho Hung and Donghwa Banks have recently sounded out the North's Foreign Trade Bank, Kumgang, Taesong and Kumsong Banks about possible correspondence agreements through their Tokyo, Beijing and London branches, financial sources said Saturday.

South Korean banks are actively seeking correspondence accords with their North Korean counterparts because the light-water reactor project will inevitably result in financial transactions between the two Koreas and lead to active business links between them.

The North Korean banks have not yet responded to such South Korean overtures, but are expected to do so not in the far future, the sources opined.

The Korea Export-Import Bank, meanwhile, has formed a team to prepare for launching an open account settlement formula with North Korean banks in case inter-Korean business activities are invigorated.

Dutch Bank Opening Joint-Venture Bank in North

*SK1706122495 Seoul MAEIL KYONGJE SINMUN
in Korean 17 Jun 95 p 4*

[Report by Kim Yong-chin]

[FBIS Translated Text] ING, a Dutch international bank, will open a joint-venture bank, ING Northeast Bank, in North Korea sometime in September. Yan Bosma [name as transliterated], chief of ING Seoul branch, who recently visited North Korea to examine the state of preparations for establishing the Netherlands-North Korea joint-venture bank, explained: "ING has secured a small number of staff for the Pyongyang office and is holding working-level negotiations with the North Korean authorities to obtain permission."

Mr. Elstare Watson [name as transliterated], who arrived in Pyongyang late May, is now working for the establishment of ING Northeast Bank as Pyongyang branch chief.

Mr. Watson is a Briton who used to work for an East European consulting firm. Recognized as an experienced expert on socialist financial markets, he was dispatched to Pyongyang.

The authorized capital of ING Northeast Bank is $15 million. ING will hold a 70-percent share ($1.4 million) of the first $2 million investment in the joint-venture bank, while its North Korean partner, Korea Foreign Insurance Company, will hold a 30-percent share ($600,000).

Businessman Interviewed on Investment in North

SK1706125495 Seoul KYONGHYANG SINMUN in Korean 17 Jun 95 p 11

[Interview with Chae O-pyong, president of Tongyang Global, on his visit to North Korea by reporter Pak Tae-ho; date, place not given; first two paragraphs are KYONGHYANG SINMUN introduction]

[FBIS Translated Text] It has been confirmed that North Korea wishes South Korean businesses to move forward as soon as possible with the economic cooperation projects they agreed to with the North during their visits to the North. North Korea also hopes that ROK businesses more actively invest in the infrastructure of the Najin-Sonbong area.

Chae O-pyong, president of Tongyang Global and president of the Tongyang Cement Construction Division, 55, visited North Korea early in June as the head of a Tongyang Business Group delegation for investment in the North. During an interview, he said that he hopes inter-Korean economic cooperation will be activated with the settlement of the light-water reactor negotiations. President Chae O-pyong answers the reporter's questions as follows:

[Pak Tae-ho] In what cooperative projects did North Korea show the greatest interest?

[Chae O-pyong] The infrastructure project for the Najin-Sonbong area. North Korea plans to develop the Najin-Sonbong area into an international cargo transit base; a modern processing trade export base; and a tourist, financial, and service base. North Korea is concentrating its efforts on equipping the area with the necessary infrastructure for this development. I had the impression that North Korea is giving greater priority to this project than to the building of the processing trade plants and daily necessities plants in other areas.

[Pak] What were the specific agreements made during your visit?

[Chae] We have decided to build a cement warehouse and distribution base in the Najin-Sonbong area with an investment of approximately $3 million. The two sides agreed to save freight costs by shipping our cement from Samchok to this base by sea and shipping the products of the North Korean cement plants on the west coast (Sunchon and Haeju) to Inchon or a third country. If we get government approval for the project, the two sides will discuss the design and the dispatch of engineers.

[Pak] What was the North Korean appraisal of our businesses that visited the North?

[Chae] They generally had a favorable opinion of them. However, they were complaining about our businesses not moving forward with the projects on which the two sides agreed. The North Korean officials asked that the Tongyang Group "move forward with what it can as soon as possible with a down-to-earth approach."

[Pak] To what degree are U.S. and Japanese businesses advancing into the Najin-Sonbong area?

[Chae] They are actively knocking on the door. Of all the businesses negotiating for investment, 70 percent are U.S. businesses and 15 percent are European businesses. [percentages as published]

[Pak] What did they say about the financial field?

[Chae] They requested that South Korean banking institutions make active undertakings there.

[Pak] What about the daily necessities business, such as confectionery plants?

[Chae] The North Korean officials proposed that we build a confectionery plant on the 18 chongbo (54,000 pyong) area in the Tongmyong Industrial Park near Najin. We are planning to process from raw materials imported from China or a third country. We are considering undertaking this project after the construction of a cement distribution base.

[Pak] What is the degree of North Korean commitment to the Najin-Sonbong area project?

[Chae] The North Korean side proposed that the South Korean businesses do business under their own name in the Najin-Sonbong area in the future. They asked us to participate in the project, showing us a blueprint for tripling the current scale of stevedoring facilities.

KOTRA's Tips for Doing Business With North

SK1706062395 Seoul HANGUK ILBO in Korean 17 Jun 95 p 10

[By reporter Yi Chae-yol]

[FBIS Translated Text] "When dealing with North Koreans, do not think you are the expert and do not engage in heroics, which is unnecessary. Do not make promises you cannot keep and do not hurt the other's pride."

On 16 June, in its June issue of the monthly North Korean Newsletter, the Korea Trade Promotion Corporation [KOTRA] introduced "18 Commandments for Doing Business With North Korean Corporations." The advice is based on a survey released by the Los Angeles-based International Management Institute, a consulting firm operated by Korean-Americans specializing in North Korean affairs. Its contents are as follows:

1. Do not misinterpret the gestures of North Koreans because they are different from common notions held in capitalist societies.
2. Do not try to explain the merits and demerits of socialism.
3. Do not exaggerate your actions.
4. Beware of mediators.
5. Do not think you are the expert.
6. Do not make promises you cannot keep.
7. It takes a long time for North Korean corporations to build trust in you. Be patient, and devote two to three times more time and effort than in regular deals.
8. Understand that deals with North Korea are 10 times more difficult than deals with capitalist countries.
9. Do not engage in unnecessary heroics.
10. Abide strictly by the law.
11. Start with an understanding of the North Korean people.
12. Do not hurt their pride.
13. Considering that the people are accustomed to Confucianism, be polite.
14. Do not use loose words and acts.
15. They tend to trust well-prepared people, so be thoroughly prepared.
16. Regularly check for yourself points that require accurate checking.
17. Have a correct assessment of your counterpart's ability.
18. Proceed quietly with business. Doing business for the sake of advertising or for publicity is the worst possible move.

FKI Firms To Collect Economic Data on North

SK1706231195 Seoul THE KOREA HERALD in English 18 Jun 95 p 8

[FBIS Transcribed Text] Member companies of the Federation of Korean Industries (FKI) have decided to make joint efforts to collect information on the North Korean economic situation.

The companies also agreed to abstain from excessive competition in their move to advance into the North Korean market.

An FKI special committee on inter-Korean economic cooperation held its first meeting in Seoul yesterday and produced such agreements.

The committee, set up in February this year, is aimed at systematically promoting inter-Korean economic exchanges on the basis of cooperation among businesses here.

Chang Chi-hyok, chairman of the Kohap Business Group, was selected as head of the committee during an FKI leadership meeting last week.

Representatives from 46 companies, including Samsung Electronics, LG International Corp., Daewoo Corp. and Dainong Corp., attended the committee meeting.

"Large conglomerates have caused anxiety to the people by appearing to engage in excessive competition in the process of seeking economic cooperation with the North," said Chang.

Outlining the committee's basic principle, Chang said that FKI is determined to put national interests ahead of corporate interests.

"With that purpose, the information on North Korea will be pooled among the businesses here and North Korean defectors will be frequently invited to FKI-sponsored seminars," a committee spokesman said.

North Korea's trade trends with Japan and China and its economic indexes will be also closely analyzed, he said, adding that FKI's efforts to expand "negotiation channels" with the North will keep on.

Meanwhile, the committee confirmed the five principles of its activities — a harmony with the ongoing inter-Korean talks and the government's North Korean policy, provision of nonstrategic goods, abstention from excessive competition, long-term strategy and mutual prosperity.

PRC Detains 16 Tanker Crewmen for Smuggling

SK1706110295 Seoul YONHAP in English 1058 GMT 17 Jun 95

[FBIS Transcribed Text] Seoul, June 17 (YONHAP) — Sixteen crewmen of a South Korean tanker Hansin-ho No. 1 have been detained by Yangjiang security authorities in Guangdong Province, China for alleged smuggling since June 9, a spokesman for the Ministry of Foreign Affairs said Saturday.

Included among the detained is Captain Yi Tae-song, 67.

The South Korean Embassy in Beijing is finding out details about the detention from the Chinese security authorities, the spokesman added.

LG Electronics Selling CD's on PRC Market

SK1706003995 Seoul THE KOREA TIMES in English 17 Jun 95 p 16

[FBIS Transcribed Text] LG Electronics Huizou Inc. (LGEHZ) has begun selling 2,000 CD cassettes in the Chinese market, a step seen as the green light for it to take a bite out of Chinese domestic consumption.

Marketing started Wednesday in Shanghai and Qingdao and is regarded as a significant event when one takes into consideration the Chinese export-oriented policy.

LGEHZ plans to sell some 50,000 audio products in China this year on the basis of the confidence expressed through a swing exhibition of nine major cities promoting the "Karaoke" CD.

LGEHZ has the capacity to make one million CD cassettes, tape cassettes and music equipment items. The firm staffed with some 700 workers produces the items for domestic sale in China and for export to Southeast Asia.

Russia Uses Helicopters as Payment for Loan

SK1706124495 Seoul MAEIL KYONGJE SINMUN in Korean 17 Jun 95 p 5

[FBIS Translated Text] Two additional Russian helicopters (approximately $4.28 million worth) will arrive in the ROK on 17 June as part of the repayment of an economic cooperative loan from the ROK.

On 16 June, the Ministry of Finance and Economy said that Russia will send two additional helicopters to the ROK as a measure to implement the Russia-ROK agreement on repaying the loan in kind.

As four Russian helicopters were brought into the ROK on 29 March, the ROK is going to have a total of six Russian helicopters, and Russia will ship two more helicopters, which is the balance of the loan, to the ROK sometime in August.

Couple Arrested in Mongolia for Beating Locals

SK1906074795 Seoul YONHAP in English 0706 GMT 19 Jun 95

[FBIS Transcribed Text] Seoul, June 19 (YONHAP) — A South Korean couple running a restaurant in Ulaanbaatar has been arrested by the Mongolian police on charges of assaulting a group of local customers while disputing a food charge, a Foreign Ministry spokesman said Monday.

The owner of a Korean restaurant in the Mongolian capital, Yi Kang-hong, 44, was taken to police last Friday on charges that he possessed a gas gun and beat Mongolian customers with it, the spokesman said.

Yi's wife Pak Pok-nam, 39, was also taken into police custody for allegedly interfering with police during the arrest of her husband, according to the spokesman.

The South Korean Embassy in Mongolia has dispatched consul Yi Mun-ki to police headquarters in order for him to attend the seven-hour interrogation process, the spokesman said.

The embassy also called on the Mongolian Foreign Ministry to guarantee fair treatment in the case, he said.

The South Korean Embassy also selected two lawyers to defend the couple in efforts to protect their rights.

'Stringent Measures' Adopted on Meat Quality

SK1706004495 Seoul THE KOREA HERALD in English 17 Jun 95 p 8

[FBIS Transcribed Text] In a move to raise the quality of domestic meat products, the government is adopting more stringent measures governing the quality of feed grain mixes and livestock medications.

Effective Aug. 1, the manufacturers of feed grains and livestock medications will be required to go by the safety guidelines to be issued by the Ministry of Agriculture, Forestry and Fisheries.

The manufacturers will also be asked to clearly spell out the safe dosage and expiration date on the medications.

On feed mixes, producers will need to identify the antibiotics and any other medications mixed into the grains.

A ministry official explained the move as a safety measure for domestic consumers as well as for overseas buyers of Korean pork.

Korea remains primarily a buyer of foreign meats, mainly from the United States and Australia. But the country also exports smaller but increasing amounts of frozen and chilled pork to Japan.

Korea's own meat consumption is meanwhile said to be one of the fastest growing markets throughout the world.

Hyundai Precision Workers Hold 'Partial Strike'

SK1906085695 Seoul YONHAP in English 0813 GMT 19 Jun 95

[FBIS Transcribed Text] Ulsan, South Kyongsang Province, June 19 (YONHAP) — The labor union at Hyundai Precision & Industry (HPI) Co. in Ulsan has gone on a partial strike Monday, becoming the first big enterprise do so this year.

Leaders of the union ordered the unionists to go on alternating one-hour strikes by production division between 09:00 a.m. and 04:00 p.m. [2300-0700 GMT], and to hold wage negotiation report rallies.

In line with the union's instruction, HPI's reefer container production division stopped working for one hour from 09:00 a.m., while the wheel division held a 60-minute meeting from 11:00 a.m.

Three other divisions — car bodies, transmissions and vehicles — are known to have joined the partial strike in the afternoon as well.

The union also instructed all its members not to work overtime Monday, and to take part in a ceremony honoring the memory of Yang Pong-su, a unionist at Hyundai Motor Co. who burned himself while protesting his dismissal and subsequently died.

In the meantime, the government's Ulsan labor office warned in its administrative guidance paper, "It's illegal for the trade union to strike, and to call for the reinstatement of those who were dismissed and social reforms, which cannot be on the agenda of wage negotiations."

Total of 493 Candidates Under Investigation

SK1706052595 Seoul YONHAP in English
0519 GMT 17 Jun 95

[FBIS Transcribed Text] Seoul, June 17 (YONHAP) — A total of 493 candidates are under investigation for illegal acts in connection with the upcoming June 27 local elections, with 11 of them having already been arrested on charges of violating election laws, Justice Minister An U-man said Saturday.

Among those under investigation are 12 people for running for the posts of large-city mayor or provincial governor and 101 vying for chief administrator's posts at small cities, wards in large cities and kun (county) in provinces, Minister An said.

An gave the report at an election-related cabinet ministers' meeting presided over by Prime Minister Yi Hong-ku.

They are part of the 997 people who have been questioned for their suspected violations of election-related laws. Of them, 481 have been formally booked and the others are now under investigation, An said.

Court Releases Arrested Opposition Candidate

SK1706061895 Seoul YONHAP in English
0548 GMT 17 Jun 95

[FBIS Transcribed Text] Kwangju, June 17 (YONHAP) — The Kwangju District Court decided Saturday to release Rep. Kim In-kon of the opposition Democratic Party (DP) one week after he was arrested by the prosecution last Saturday on suspicion of violating the political fund law.

District Court Judge Yi Sang-hun said his court, after reviewing the legality of Kim's confinement, decided to set him free in view that the written arraignment submitted by the prosecution mostly dealt with legal interpretation rather than what he had actually done and that the defendant, as a lawmaker, would not try to flee even after being released.

Foreign Ministry Denies Trying To Delay Polls

SK1906100795 Seoul YONHAP in English
0901 GMT 19 Jun 95

[FBIS Transcribed Text] Seoul, June 19 (YONHAP) — The Foreign Ministry instructed its overseas missions last March to collect information regarding local autonomous systems used in 18 advanced countries in order to give Korean citizens a better perspective of how local autonomous government operates before the June 27 local elections, Foreign Ministry Spokesman Yu Kwang-sok said Monday.

Denying reports that the Foreign Ministry made the instructions to collect information for use to delay the proposed June local elections, Yu said that his ministry has never produced documents ordering its overseas missions to collect information helpful for getting the local elections delayed.

"Anyway, we admit our responsibility for the ministry's leaked classified documents, although it was partly fabricated in the process of circulation" he said.

Samsung To Manufacture Nuclear Waste Containers

SK1706004095 Seoul THE KOREA TIMES in English
17 Jun 95 p 16

[FBIS Transcribed Text] Samsung Engineering and Construction Co. has jumped into nuclear waste container manufacturing, competing with Hyundai Heavy Industries which started in 1992.

Observers said that the entry of Samsung in the lucrative nuclear waste disposal business is the result of its judgment that the government might change the policy on nuclear waste into reprocessing in the long run.

The Trade, Industry and Energy Ministry has received an application from Samsung for technology imports from NAC International of the United States.

Ministry officials said that Samsung plans to manufacture special containers for the transportation and storage of used nuclear fuel rods for sale at home and abroad. Samsung has decided to manufacture 100-ton special containers capable of transporting and storing 26 bundles (170 rods a bundle) of used nuclear fuel per unit without emission of radioactivity.

Burma

Red Cross Cites Lack of Access in Office Closing

BK1806125595 Bangkok THE SUNDAY NATION in English 18 Jun 95 p A2

[FBIS Transcribed Text] The International Committee of the Red Cross [ICRC] will close its office in Burma next month following the ruling junta's about-face on its promise to allow the worldwide humanitarian organization free access to political prisoners, it was announced on Friday.

A statement issued by the ICRC head office in Geneva said the closure would occur "during the course of July".

The statement said the ruling State Law and Order Restoration Council (Slorc) had informed the ICRC on March 21 that "it took no account of the customary procedures for visits to places of detention followed by ICRC in all the countries where it conducts such activities".

"The institution therefore submitted a memorandum to the (Slorc) authorities on June 16, 1995 acknowledging the failure of the negotiations and announcing that it would close its office in Yangon (Rangoon) during the course of July 1995," the statement said.

There has been speculation about the ICRC's possible withdrawal from Burma has since early this year. The official decision was conveyed by an ICRC regional representative during a visit to Rangoon last week, according to a senior ICRC official.

The ICRC has been involved in humanitarian activities in Burma since 1986.

Although the committee's Rangoon office will close and its three expatriate staff would leave the country, links would not be entirely severed, the official said.

Assistance to the Burmese Red Cross programme to identify war amputees in border areas and transport them to Mandalay and Rangoon for the fitting of artificial limbs would continue.

However, the ICRC orthopedic programme to train Burmese technicians in military and civil hospitals to produce artificial limbs would be discontinued when the project term ends at the end of this month.

The other ICRC programme — training and dissemination of international humanitarian law and the 1949 Geneva Conventions to Burmese military personnel — would continue, but did not require a full-time office, the official said.

Three training sessions have been organized since August 1992, when the Burmese junta signed the four humanitarian Geneva Conventions: the amelioration of the suffering of wounded soldiers on battlegrounds and at sea, the treatment of prisoners of war, the protection of civilians during war, and the regulation of penal prosecutions of protected persons in enemy hands during an armed conflict.

The ICRC acts as a custodian organization in upholding the principles of the conventions.

The ICRC official, who requested anonymity, said his organization had since 1988 sought the Burmese junta's permission to visit political detainees in jails.

The organization had tried to explain "extensively" to the Burmese authorities "how it works in these type of activities" and the procedures relating to the work, he said.

The basic procedures, or principles, that the ICRC adhered to in its global humanitarian operations include obtaining permission from host countries to see all political detainees, to make repeat visits, to talk privately with detainees and have access to all information relating to individual prisoners.

Serious negotiations for access to Burmese political prisoners, however, began only in 1993 when Slorc became more willing to listen to and to consider the ICRC request, he said.

The progress was made when Slorc leaders informed United States Congressman Bill Richardson during his visit to Burma in February last year that Rangoon would comply with the request by the Swiss- based organization.

Slorc's commitment was also noted in the official report to the United Nations General Assembly last year by the UN special human rights envoy to Burma, Yozo Yokota.

But Richardson made another visit to Burma last month and subsequently expressed his strong disappointment and frustration at "serious repression, regression and retrenchment by the Slorc."

He told a press conference in Bangkok after his brief two-day trip that Slorc, despite its earlier commitment, had not allowed the ICRC access to jails and had instead imposed "unfair and unreasonable conditions" on Red Cross operations.

The ICRC official said the change of heart took place in December when Slorc leader Lt Gen Khin Nyunt told a visiting ICRC chief delegate that Rangoon would reconsider the ICRC request.

In January, Slorc subsequently informed the Swiss agency that it would not allow some of the basic procedures relating to the ICRC operation in Burma, and "therefore, we (Red Cross officials) will have to visit prisons under their (Slorc) terms", the official said.

The ICRC had applied the same practice, or criteria, in every country in which it works, he said. In 1994, International Red Cross officials had access to 99,000 political prisoners in the 55 countries where it operates.

"All procedures are the same, whether in Indonesia, the Philippines, or Sri Lanka... We have the same practice or procedures in every country and we cannot change them, thus we have to depart from Burma," he added.

Although the official declined to identify the point that the junta has refused to meet, it is believed Slorc objected most to the demand that the ICRC be allowed to talk in private with political prisoners.

Editorial Praises Rangoon-Jakarta Relationship

BK1706105495 Rangoon THE NEW LIGHT OF MYANMAR in English 9 Jun 95 p 6

[Editorial: "Two Nations With Common Identity"]

[FBIS Transcribed Text] In the first place, our two nations were struggling to regain and defend our independence. Friendship started that early, as recounted by Indonesian President Suharto who expressed profound gratitude for Myanmar's [Burma's] invaluable help when his young nation's very survival was threatened.

Further assessing bilateral ties, the Indonesian host said: "Our historical affinities are closely linked. We share similar stance on various international issues. Our relationship is also based on sound principles, namely, peaceful coexistence, mutual respect for each other's sovereignty, noninterference in the internal affairs of others and mutually beneficial cooperation."

The visit of Senior General Than Shwe, he opined, will further strengthen the long-established robust friendly relations and cooperation, the promotion of which will be most beneficial for both countries, adding he believes this would in turn also contribute to the creation of stability and progress in the region.

Saying Indonesia shall be pleased to share her experience in the implementation of development with Myanmar, he was modest in asserting that this will not be limited to success but also to difficulties and even failures Indonesia was subjected to.

The President also noted that as fellow members of the Non-Aligned Movement, the two nations share common responsibility to ensure the success of cooperative programmes jointly agreed upon, adding that it is an indispensable necessity to create a new world order which is equitable between the developed and developing countries.

In his turn, Senior General Than Shwe noted that the past fifty years have seen Indonesia's increasing stature in regional and global forums, as well as progress in domestic affairs, congratulating the host for the Golden Jubilee of Independence.

At the same time that he dwelt on the fact that both nations enjoy the benefits of close ties marked by a long tradition of friendship, mutual trust and understanding, the Senior General also said strengthening of contacts at the personal level between leaderships and the people of our two countries have been an essential element in the conduct of our good neighbourly relations nurtured and developed over the years.

The Senior General said his mission is to pursue and promote the continuation of even more closer bilateral relations between the two countries through confidence and mutual trust.

The sentiments expressed by the two leaders are shared by the people of our two nations who also share a common destiny of continued prosperity.

Editorial Views Rangoon-Singapore Ties

BK1706135795 Rangoon THE NEW LIGHT OF MYANMAR in English 12 Jun 95 p 6

[Editorial: "Concrete Step Forward"]

[FBIS Transcribed Text] At the banquet hosted by Premier Goh Chok Tong at whose invitation he had visited Singapore, Senior General Than Shwe spoke of the occasion as providing a significant symbol of a concrete step forward in the strengthening of the traditional friendly relations and cooperation between Myanmar [Burma] and Singapore.

The Senior General said Myanmar has maintained close ties with her friends and neighbours in the Southeast Asia region, and the spirit of friendship and understanding has been particularly significant in Myanmar's relations with Singapore.

Leaders of both countries, he noted, have often met and exchanged experiences on domestic and regional matters, sharing views on the developments in the international sphere.

He praised Singapore's achievements in nation-building and developing sustained progress as a shining example from which Myanmar has benefited.

The visit to Singapore was graced by the hospitality shown by his counterpart President HE [His Excellency]

Mr Ong Teng Cheong and by his host Premier Goh Chok Tong.

The Senior General reserved special words of appreciation for Senior Minister Lee Kuan Yew, who paid him a call, with the warm assessment that the prevailing atmosphere of mutual trust and confidence between our two countries owes much to the wisdom and constructive advice of the Senior Minister whose vision and experience have been invaluable to us.

The Senior General recounted that in charting our course of national unity, we have established harmony between the two economic strategies and political and social progress, building on our own resources and faith.

He apprised the hosts of the success Myanmar has achieved in her multi-faceted endeavours including those for national reconciliation and the path being paved for the emergence of an enduring Constitution that answers to the integrity of all our national races.

Premier Goh Chok Tong was appreciative of what Myanmar is striving to achieve, saying his visit here last year had provided him and his colleagues with an opportunity to understand better the political, social and economic challenges and developments in Myanmar.

He spoke of the favourable balance in trade, in investments and the aspirations of the two nations to achieve together.

He expressed strong belief that Myanmar would soon be able to join the train of emerging Asian economies.

Our two nations will move ahead together in harmony through mutual trust and cooperation.

Than Shwe's Visit to Indonesia, Singapore Viewed

BK1706135495 Rangoon THE NEW LIGHT OF MYANMAR in English 13 Jun 95 p 6

[Editorial: "Close Friends"]

[FBIS Transcribed Text] Chairman of the State Law and Order Restoration Council Prime Minister of the Union of Myanmar [Burma] Senior General Than Shwe, accompanied by high-ranking officials of the government, visited Indonesia and Singapore from 5 to 11 June.

During his stay in Indonesia from 5 to 8 June, Senior General Than Shwe called on President Suharto at the Istana Merdeka and the two leaders enjoyed cordial exchange of views on issues of mutual interest and sincere wishes for realization of the destined goals of the two peoples, reaffirming their commitment for bilateral cooperation in trade and promotion of friendly ties.

Worthy to quote, Senior General Than Shwe conveyed the warm sentiments and goodwill of the government and the people of Myanmar, saying "Myanmar and Indonesia enjoy the benefits of close ties marked by a long tradition of friendship, mutual trust and understanding. Strengthening contacts at the personal level between the leaderships and the people of our two countries have been essential element in the conduct of our good neighbourly relations nurtured and developed over the years." at the banquet hosted in his honour by President Suharto.

Senior General Than Shwe, Secretary-1 Lt-Gen [Lieutenant General] Khin Nyunt, ministers and other high-ranking officials of Myanmar also met Indonesian Vice-President Mr Try Sutrisno and cabinet members and shared their views and experiences to implement bilateral development.

Senior General Than Shwe and goodwill delegation visited Singapore from 8 to 11 June.

On 8 June, Senior General called on President of the Republic of Singapore Mr Ong Teng Cheong at the Istana Villa, and also held talks with Premier Goh Chok Tong focusing on expediting of bilateral economic cooperation. Senior Minister Lee Kuan Yew also had a cordial get-together with him.

Significant to note, Myanmar and Singapore could sign an agreement on bilateral economic cooperation soon after Myanmar goodwill delegation's arrival at in Singapore.

Witnessed by Senior General Than Shwe and Premier Goh Chok Tong, the Agreement between the Government of the Union of Myanmar and the Government of the Republic of Singapore on Bilateral Economic Cooperation could be signed at Istana Villa the same day. Minister for National Planning and Economic Development Brig-Gen [Brigadier General] Abel of Myanmar and Acting Minister for Trade and Industry Brig-Gen Lee Hsien Loong of Singapore signed the agreement.

At the banquet hosted by Premier Goh Chok Tong in honour of Senior General Than Shwe and goodwill delegation, the two sides firmly pledged to move ahead together in harmony through mutual trust and cooperation.

Friends are always with us and friends are always close together.

Japan Extends 4 Billion Yen Debt-Relief Aid

BK1706123795 Rangoon Radio Myanmar in English 0700 GMT 17 Jun 95

[FBIS Transcribed Text] The Government of Japan has decided to extend to the Government of the Union of Myanmar [Burma] a grant-in-aid for debt relief of 4,000 million yen and the notes to this effect were exchanged today in Yangon [Rangoon] between Mr. Koichi Kawakami, charge d'affaires ad interim of the Embassy of Japan in Myanmar, and U Thein Aung Lwin, director general of Foreign Economic Relations Department of the Ministry of National Planning and Economic Development of Myanmar. Japan has, so far, extended third aid — 4,000 million yen in 1992; 6,200 million in 1993; and 12,000 million yen in 1994.

Khin Nyunt Holds Talks With Kachin Leaders

BK1606151295 Rangoon TV Myanmar Network in Burmese 1330 GMT 16 Jun 95

[FBIS Translated Text] Lieutenant General Khin Nyunt, chairman of the Work Committee for the Development of Border Areas and National Races [WCDBANR] and secretary-1 of the State Law and Order Restoration Council [SLORC], received U Ji Naw and U La Taung led by Dr. La Ja, a Kachin national leader of the KIO [Kachin Independence Organization] in Special Region-2, Kachin State. They were received at the Defense Service's guest hall on Uyin Road in Yangon [Rangoon] at 0800 today.

The meeting was attended by Lt. Gen. Maung Thint, minister of progress of border areas and national races and development affairs; Colonel Kyaw Win, deputy director of the Directorate of Defense Services Intelligence; Lieutenant Colonel Pe Nyein, director general of the SLORC Office; Lt. Col. Thein Han, director general of the WCDBANR Office; and responsible personnel.

It has been learned that matters concerning regional development, transportation, and economic development programs were discussed at the meeting.

Khin Nyunt Meets With Shan Leaders in Rangoon

BK1806092995 Rangoon TV Myanmar Network in Burmese 1330 GMT 17 Jun 95

[FBIS Translated Text] Lieutenant General Khin Nyunt, chairman of the Work Committee for the Development of Border Areas and National Races [WCDBANR] and secretary-1 of the State Law and Order Restoration Council [SLORC], received U Sai Lin, a national leader from Special Region 4 in eastern Shan State, and his colleagues U Kyi Myint and U Min Ein at the Defense Services Guest Hall on Uyin Road in Yangon [Rangoon] at 0830 today.

The meeting was attended by Lt. Gen. Maung Thint, minister of progress of border areas and national races and development affairs; Colonel Kyaw Win, deputy director of the Directorate of Defense Services Intelligence; Lt. Col. Pe Nyein, director general of the SLORC Office; Lt. Col. Thein Han, director general of the WCDBANR Office; and responsible personnel.

It has been learned that they held discussions and coordinated on expanding the cultivation of paddy rice and subsidiary crops, implementing tourism in border areas without losing momentum, and regional development programs.

New SLORC Notifications, Declarations Cited

BK1606103495

[FBIS Editorial Report] Rangoon Radio Myanmar in Burmese at 1300 GMT on 15 June carries six notifications and declarations issued by the ruling State Law and Order Restoration Council, SLORC, on 15 June. All six documents are signed by SLORC Secretary-1 Lieutenant General Khin Nyunt.

Notification No. 31/95 announces that the SLORC, "in order to perform its administrative activities effectively," has formed a new Ministry of Immigration and Population.

Notification No. 32/95 announces a change in the portfolio of U Win Naing, deputy minister of social welfare, relief, and resettlement, to be deputy minister of finance and revenue.

Notification No. 33/95 announces the appointment of Brigadier Gen. Maung Kyi as the new deputy minister of social welfare, relief, and resettlement.

Declaration No. 2/95 announces the appointment of Lt. Gen. Aung Ye Kyaw as a member of the SLORC's Security and Administrative Committee.

Declaration No. 3/95 announces the transfer of Information Minister Brig. Gen. Myo Thant to be minister in the Office of the SLORC Chairman; Industry-2 Minister U Than Shwe to be minister in the Office of the Prime Minister; Construction Minister U Khin Maung Yin to be minister in the Office of the Deputy Prime Minister; and Brig. Gen. Thaung Myint, social welfare minister, to be culture minister.

Declaration No. 4/95 announces the appointment of Lt. Gen. Min Thein as minister in the Office of the SLORC Chairman; Lt. Gen. Maung Hla as minister of immigration and population; Major Gen. Soe Myint as minister of social welfare, relief, and resettlement; Maj. Gen. Kyaw Than as industry-2 minister; Maj. Gen. Aye Kyaw as information minister; and Maj. Gen. Saw Tun as construction minister.

Brunei, Malaysia & Singapore

Malaysia

French Decision on Nuclear Tests 'Disappointing'

BK1706094895 Kuala Lumpur Voice of Malaysia in English 0800 GMT 17 Jun 95

[FBIS Transcribed Text] Malaysia deplores the decision by France to resume nuclear tests in the South Pacific.

The Foreign Ministry says the French decision is particularly disappointing as it comes so soon after the conclusion of the Review and Extension Conference on the Nonproliferation Treaty, NPT, recently.

At the conference France, together with other nuclear weapon states had given an undertaking to exercise utmost restraint in nuclear testing pending the conclusion of a negotiation for comprehensive test ban treaty by 1996.

All the nuclear weapon states had also agreed to pursue with determination the negotiation for a complete elimination of nuclear weapons.

The ministry said the decision by France only reinforced Malaysia's concern expressed at the conference recently on the indefinite extension of the NPT.

Foreign Minister Rejects Funding Bosnia Force

BK1806124595 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 18 Jun 95

[FBIS Translated Text] Malaysia will not contribute to financing the Rapid Reaction Force [RRF] for Bosnia-Herzegovina. Foreign Affairs Minister Datuk Abdullah Badawi said Malaysia cannot help because we have already spent a lot of money on our troops serving as UN peacekeepers in Bosnia-Herzegovina.

Datuk Abdullah was commenting on reports that the United States had asked Asian countries to help shoulder the financial burden of the RRF.

No Agreement With Singapore on Disputed Island

BK1706085195 Kuala Lumpur Voice of Malaysia in English 0800 GMT 16 Jun 95

[FBIS Transcribed Text] Malaysia and Singapore have failed to reach agreement on the draft to pursue with the dispute over Pulau Batu Putih [Pedra Branca Island] at the International Court of Justice in the Hague.

Foreign Ministry Secretary General Tan Sri Ahmad Kamil Jaafar disclosed this in Kuala Lumpur. He said both sides will meet again in Singapore by the end of the year to settle several matters arising from the draft. They agreed to refer back to their respective governments to obtain a new mandate before meeting again.

Tan Sri Ahmad Kamil told reporters this at the conclusion of a two-day meeting to discuss preparations to take the dispute to The Hague.

Both nations have exchanged voluminous documents to back their claims to the island lying 15 kilometers off southern Johor.

Prime Minister Datuk Sri Dr. Mahathir Mohamed and his Singaporean counterpart, Mr. Goh Chok Tong, agreed last year to refer the case to the World Court for legal settlement.

Singapore

'Substantial Progress' With Malaysia on Island

BK1706085395 Singapore Radio Corporation of Singapore in English 1000 GMT 16 Jun 95

[FBIS Transcribed Text] Singapore and Malaysia have made substantial progress in the matter of the disputed island of Pedra Blanca after a two-day meeting In Kuala Lumpur. Although a few key areas remain unresolved, both sides have worked out a special agreement to submit their case to the International Court of Justice.

The special agreement both sides have signed is a document which outlined each party's term of reference and how the dispute ought to be resolved in the world court. Both Singapore and Malaysia say there has been an agreement over most of the terms.

Both sides, however, have remained tight-lipped over what have been resolved and what have not. They will be meeting again in Singapore this time by year end to finalize the terms of reference.

Cambodia

Status of Sam Rangsi Case Examined

BK1706144595 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 17 Jun 95 pp 1, 3

[Report by Seiha]

[FBIS Translated Text] According to reports in recent days, Sam Rangsi [former finance minister] will be able to retain his position in FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and the National Assembly if he apologizes to the party and the prince krompreah party chairman.

Doubts about his position in FUNCINPEC and his National Assembly seat still persist, even though Sam

Rangsi sent a letter dated 13 June to Prince Krompreah Norodom Ranariddh. Several analysts who read newspapers regard the letter as some kind of interpretation or suggestion (if it is not called a piece of advice) rather than an apology. A passage in the letter reads: "If my actions in my capacity as an MP [member of parliament] or as a founding member of FUNCINPEC served to infuriate you or hurt your feelings, I humbly wish to inform you that I never had any such intention and ask your forgiveness."

The view of analysts that Sam Rangsi would not apologize coincides with a report that "the ball concerning his case is now in the National Assembly's court."

A very reliable source told REAKSMEI KAMPUCHEA on the evening of 15 June that the problem was no longer with FUNCINPEC, as the party remained committed to its 13 June decision to expel Sam Rangsi from the party. The party has the legal grounds to remove Sam Rangsi from his parliamentary seat. The prince krompreah party chairman, referring to Article 78, Chapter 2 of the 1992 UNTAC [UN Transitional Authority in Cambodia] electoral law, expounded on the legal process. According to the law, once a person is no longer a member of an elected party, he or she can no longer keep his or her National Assembly seat.

As for the international community, if its previous reaction to the Sam Rangsi case is not counted, it appears that it has had no new reaction since Benny Widyono, the special envoy of the UN secretary general, received a death threat. The threat came after Widyono said: "The UN secretary general believes that the issue of Sam Rangsi in the Cambodian National Assembly is an internal affair; the secretary general cannot become involved."

Following the latest give and take, the ball is now in the National Assembly's court. What is the assembly's stance? An unconfirmed report says the issue of removing Sam Rangsi from the National Assembly has already been discussed by the assembly's Standing Committee, but the outcome remains unknown.

In a statement issued on 10 June 1995, National Assembly Chairman Samdech Chea Sim said: "As a representative of the Cambodian nation, the National Assembly of the Kingdom of Cambodia will do everything in its power to strengthen the fundamental basics of liberal democracy in conformity with the Constitution, assembly regulations, and the electoral law."

Speaking of electoral law, the UNTAC electoral law has not yet been replaced; it is still effective. According to Article 78, Chapter 2 of the law — as cited by the prince krompreah — Sam Rangsi's removal from the National Assembly is more than legal.

Separate events indicate more clearly that the ball is now in the National Assembly's court and that the only remaining problem is what legal approach the National Assembly will take. Are there any more mysteries?

Hun Sen: No Change in Timber Export Ban

BK1906071595 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 18 Jun 95 pp 1, 11

[FBIS Translated Text] "The ban on the export of timber from Cambodia will remain permanent. That is, it will not change. This is the decision of the two prime ministers and the entire Royal Government." This is the statement made by Samdech Hun Sen, second prime minister, at a ceremony held on the morning of 16 June to plant trees and open an assembly hall at Vihear Suor Temple in Khsach Kandal District of Kandal Province.

The second prime minister stated that in the past several days, the government had successfully taken all kinds of measures, including the use of the Army, Navy, and Air Force, in support of the activities of the Ministry of Agriculture, Forestry, Wildlife and Fisheries, and the Ministry of Economy and Finance. The second prime minister added that it is necessary to completely stop all the concessions for forest exploitation that have led to the destruction of forests and to turn this area into a zone for reforestation concession.

The second prime minister stressed that the Royal Government has been given the full power to the minister of agriculture, forestry, wildlife and fisheries and will give the power to the chiefs of the forestry and widelife to cope with the violation of the forestry regulations and take care of the reforestation and forest preservation work.

The samdech added that the reforestation work has already been carried out, but the replanting did not keep up with the unsystematic logging — logging for export, for building houses, for producing firewood, and for other purposes. This is why the replanting did not keep up with the logging. "Currently, the Royal Government has decided to implement a very strict measure or to take a very stern action against any violation of the logging ban."

The second prime minister noted that to effectively stop logging for producing charcoal, it is necessary to seek other good measures, such as the import of other kinds of fuel, including coal for use in place of the firewood that the Cambodian people have been using to cook food and produce brick and tile. The decision to import coal has already been made by the two prime ministers and the Ministry of Trade, but it has been stalled at the Ministry of Economy and Finance. The permission for private companies to import this other kind of fuel was approved by the two prime ministers about two months ago, but it has been stalled at the Ministry of Economy and Finance because of the lack of departmental coordination.

According to the second prime minister, each year Cambodia needs to import 20 million tons of coal to replace firewood, and if this problem is settled, the use of firewood and the logging will decrease. If no measure is taken to find other sources of fuel to replace firewood, a crisis will arise because the people will have no fuel for cooking, since the government has banned logging.

The second prime minister said further that logging in the seasonally inundated forests will also ruin fish spawning grounds. So far, logging has taken place around a number of ponds and streams as well as the lake areas. Many charges have been lodged over this matter.

Samdech Hun Sen emphasized that Cambodia presently finds itself in a race for national development. The two prime ministers, the Royal Government, and the National Assembly are trying to best one another for national development at the advice of their majesties the king and queen. Although the government and the National Assembly have been racing for national development, some people are now competing for a higher and increased power for themselves; but that is their problem, and it is their right to do so.

On that occasion, the samdech funded the construction of laterite repavement of the portion of road from Preah Konlung bridge to Preah Vihear Suor Temple in Khsach Kandal District with 10 million riels from his pocket, 10 million from the government's coffer, and 43 million from public donations.

Boats Smuggling Logs Seized in Koh Kong

BK1906112595 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 18 Jun 95 pp 1, 5

[FBIS Translated Text] Fifteen boats suspected of carrying smuggled logs were arrested by Royal Government of Cambodia [RGC] authorities in Koh Kong Province last Sunday and Monday [11-12 June].

Sar Ho, head of the Customs and Excise Department, told REAKSMEI KAMPUCHEA by telephone that many cubic meters of logs and cut wood carried on five barges, five V2 boats, two UNICEF boats, and two other cargo ships [number of boats as published] were seized early last week by the relevant authorities under the direct command of General Ke Kimyan, chief of staff of the National Army. The 15 boats were suspected of smuggling logs out of Cambodia in violation of the Royal Government's latest ban on log exports.

Sar Ho said the authorities are inventorying the logs carefully, but there has been no official statement on final measures to deal with this case of log smuggling. According to Agriculture Minister Tav Senghuo, as recently cited by AFP, the 15 log-carrying boats were seized by the authorities because they violated the Royal Government ban on log exports, which states that no timber can be exported after 1 May 1995. It is not known which company owned the logs.

The agriculture minister also said the RGC has decided to take military measures to stop log smuggling. Among the measures, the Royal Government has allowed the use of two helicopters armed with automatic weapons to thwart effectively any attempt by boats or ships to smuggle logs out of Cambodia's maritime waters.

This high-ranking Royal Government official affirmed that preventing log smuggling cannot be done peacefully. Operations against log smuggling also mean fighting the activities of the Khmer Rouge rebels, who continue to take logs out of the Pailin area.

Keat Chhon, minister of economy and finance, reacted strongly to the log smuggling in Koh Kong Province. He said that Koh Kong Province, adjoining Thailand, has suffered the most from logging.

Keat Chhon stressed that logging equipment currently in use in Koh Kong Province is capable of producing 4 million cubic meters of timber a year and that the volume of the timber export trade is equal to 50 percent of the country's gross national product.

Police Say Khmer Rouge Abduct 58 in Battambang

BK1606084795 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 15 Jun 95 pp 1, 5

[FBIS Translated Excerpt] According to the police in Battambang Province, 58 inhabitants of Bavel District were abducted by the Khmer Rouge in the second week of June. They were abducted while they were collecting bamboo in the northwest of the district.

The above source said that the abductions took place on different days. On 12 June, 11 inhabitants of Prey Khpos commune in Bavel District together with six ox carts were abducted by the Khmer Rouge rebels while they were cutting bamboo in a forest 12 km north of the commune. And then on 11 June [as received], 47 inhabitants of the above commune were taken away by the Khmer Rouge rebels while they were cutting bamboo in the same area.

The Battambang police added that it is still not known where all the 58 inhabitants being held by the Khmer Rouge are. The provincial police suspected that the Khmer Rouge might have captured the inhabitants to carry food and ammunition for them in their zone along the border. [passage omitted]

Khmer Rouge Radio Says Route 5 'Cut Off'

BK1606084995 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 15 Jun 95

["Special report"]

[FBIS Translated Text] Between the night of 14 June and the morning of 15 June, our national Army and the people jointly attacked and totally cut off Route 5 between Sisophon and Poipet.

We cut this route off into three stretches. The first stretch from Poipet to Nimit, the second stretch from Nimit to Kut Ta Sot, and the third stretch from Kut Ta Sot to Sala Kraham.

The preliminary results by the morning of 15 June are as follows:

The first stretch from Poipet to Nimit: We have accomplished 80 percent of our task, that is, we swept the enemy positions off the areas from Kouk Sbeng to Poipet. We dug many holes on the road and destroyed sewage pipes in many areas. The enemy soldiers fled in great panic. They did not dare to come out and resist us.

The second stretch from Nimit to Kut Ta Sot: By detonating mines, we made many holes on the road — each 7 meters deep and 20 meters wide. We destroyed three big sewage pipes and smashed and liberated three enemy positions at Dang Aranh, Kop Toch, and Kaoh Cha. We destroyed over 100 barracks. The soldiers, policemen, and other armed forces of the two-headed government fled to Sala Kraham. We killed 20 enemy soldiers on the spot and wounded many others. The two-headed administrators and routed soldiers who fled from Dang Aranh, Kop Toch, and Kaoh Cha were intercepted by our forces at Dei Kraham. They were stranded on Route 5.

The third stretch from Kut Ta Sot to Sala Kraham: We destroyed a big sewage pipe in an area near Sala Kraham. We killed three enemy soldiers guarding the sewage pipe, and seized a quantity of weapons and ammunition.

The enemy situation on Route 5 from Sisophon to Poipet is marked by chaos. They have not gotten help from anyone. The commanders ordered the subordinates to mobilize trucks to fetch soil and fill the holes that we dug, but nobody dared to come. This is because we have planted hundreds of punji stakes and mines there.

At present, they have been unable to move from the east or to the west. They have cried out that this road has now become a river.

Our national Army and people are continuing to smash this road so that it remains permanently cut off.

Khmer Rouge Claim Control of Poipet Area

BK1806095295 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 17 Jun 95

[FBIS Translated Excerpt] Additional report from the Sisophon- Poipet battlefield on 14 and 15 June 1995.

1. On the stretch between Poipet and Yeang, we launched a three-pronged attack against the enemy. The first prong attacked the position at the roundabout in Poipet market and (?destroyed) the Poipet bridge. The second prong attacked Kouk Sbeng position along Route 5. The third prong attacked the central market and moved toward Yeang village.

We destroyed and fully occupied the Poipet area on the night of 14 and 15 June 1995. We killed 15 enemy soldiers and wounded 18 others, seizing eight AK's, a pistol, three SKS rifles, a 61-mm mortar, an 82-mm mortar, two M-30 machine guns, an M-79, two ICOM field radios, and a large quantity of other war materiel. We destroyed a tank and 20 military shelters, and a segment of Route 5 with two pits, each pit being 2 meters deep and seven meters wide. [Passage omitted on reports from other battlefields]

Khmer Rouge Report Destroying Bridge, Tracks

BK1806095095 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 17 Jun 95

[FBIS Translated Text] On the night of 14 June, our National Army, in cooperation with the people, attacked and cut the railroad of the two-headed government with 50 pits in Krakor District, Pursat Province.

With the first prong, we attacked and destroyed an enemy position at the head of Stoeng Kach bridge. We destroyed a 40-meter railway bridge and cut the railroad with 21 pits, each pit is 1.5 meters deep and 2 meters wide.

With the second prong, we cut the railroad with 24 pits between Bamnak and Kdol; each pit is 1.5 meters deep and 2 meters wide. We cut a 5-meter drainage pipe and destroyed 550 meters of track.

Indonesia

Daily Urges G-7 To Focus on Financial Issues

BK1706091195 Jakarta SUARA PEMBARUAN in Indonesian 14 Jun 95 p 2

[Editorial: "The Upcoming G-7 Summit in Halifax, Canada"]

[FBIS Translated Text] The leaders of the seven industrialized nations, Group of Seven (G-7) — the United States, Japan, Canada, Germany, France, Britain, and Italy — will gather again on Thursday, 15 June, in Halifax, Nova Scotia, Canada for a three-day summit. One of the topics to be discussed at the G-7 summit is on the future role of the Monetary Fund [IMF] and the World Bank. The discussions will focus on the best way for beefing up IMF resources to cope with the Mexico-style crisis that occurred this year and to prevent and contain such emergencies in the future. Besides, the G-7 summit will also discuss the rationalization and reformation of the United Nations, UN. The Bosnian crisis will also be raised at this summit.

European Union President Jacques Santer and Russian President Boris Yeltsin are scheduled to attend the G-7 summit and participate in the discussions after the G-7 leaders have completed their talks on the global economy on the first day of the summit. Santer and Yeltsin are to participate in discussions on political issues on the second day.

We notice that the G-7 summit is held in the midst of an era of globalization, in which there are aspects and dimensions of the global economy that are full of continually emerging problems and challenges. For example, at the G-7 leaders' previous meeting before Halifax, they never thought that a financial disaster would ever occur in Mexico. The situation caused panic in other nations, not only those in the American Continent but also those in Europe and Asia. The Mexican crisis has proven that a local crisis has a global impact. Other problems are the collapse of Barings, the continuous rise of the yen against the U.S. dollar in the currency exchange rates, and the U.S.- Japan trade dispute over the sale of Japanese cars.

The Mexico crisis has shown that the bargaining power and mechanisms of the twin international financial institutions, the IMF and the World Bank, need to be reviewed to cope with the financial crises in several countries in the world. The issue is how far these two financial institutions can play the main role in tackling global financial disasters.

We have to raise this issue because the dynamics of development and the international economic community's periods of progress keep changing to cater to the need of the times. The historical background shows that the IMF and the World Bank were created at a meeting in Bretton Woods, the United States, some time in 1949, to identify and overcome global financial and economic crises following the end of World War II, and to rearrange all aspects of the global economy destroyed as a consequence of the war.

We believe that the time has come for the world to arrange for the repositioning [preceding word in English], reformulation, or redesigning of everything involved with the structure, systems, and mechanisms of the IMF and the World Bank so that the twin institutions can continue to exist and play the main role in identifying the current global economic and financial developments. The current IMF and World Bank supervisory system, such as the fixing of the currency exchange rates by the IMF is no longer applicable.

We focus on this issue because the global economy and financial development keep on making periodic advances. New technology and changes in the capital supervisory system would automatically result in the boosting of the global capital market and the emergence of new economic powers in Asia to support growth.

The new trade organization regime, GATT, has changed to become the World Trade Organization, WTO. Meanwhile, there are frictions in the global political constellation due to the collapse of communism and the conclusion of the Cold War.

We hope that the G-7 leaders and heads of government meeting at the summit in Halifax, can make a comprehensive revision and formulate a framework of new ideas and policies that will overcome the global economic and financial problems. We also expect the summit to create a new and appropriate work program for the IMF and the World Bank to cope with and tackle the global economic and financial problems.

French 'Intransigence' on Nuclear Tests Decried

BK1906095495 Jakarta REPUBLIKA in Indonesian 17 Jun 95 p 6

[Editorial: "France's Nuclear Tests"]

[FBIS Translated Text] Any big country, given the will, can certainly remain steadfast in its stance despite protests. France seems to be adopting this attitude. French President Jacques Chirac announced a decision early this week to conduct eight nuclear tests at Mururoa Atoll in Polynesia in the South Pacific. "The tests are designed to maintain the credibility of French nuclear weapons," Chirac said.

Of course, the South Pacific countries have strongly protested the plan. The New Zealand prime minister immediately criticized the step as the arrogant act of a colonial European nation. Australia's reaction has been no less strong. The land of kangaroos immediately froze defense cooperation with France. Several other countries — including Japan, Indonesia, and the United States — have also criticized the French decision.

The criticism is logical. France has blatantly ignored two major issues. First, the world is actively campaigning to restrict the number of nuclear weapons. Iraq has been repeatedly badgered by the United Nations to rid itself of nuclear weapons. North Korea has received similar treatment. It is strange, therefore, that France is preparing strong nuclear weapons to maintain the "credibility" of its nuclear arsenal.

Second, a nuclear test will surely damage the environment regardless of any safety measures. France could argue that its nuclear tests are safe because they are conducted carefully thousands of meters underground. Yet if this is so, why are the tests being conducted in the South Pacific instead of France itself?

It is true that Mururoa Atoll is French territory, but the choice of Mururoa Atoll as a nuclear testing ground is tantamount to underestimating the ecosystem of the South Pacific. France feels the atoll is more suitable than France — in Europe — as a nuclear testing ground.

The French intransigence shows that as a big country, France is insensitive to other countries. We remember well that in 1985 French intelligence agents bombed the Greenpeace ship "Rainbow Warrior" in New Zealand as it prepared to foil a French nuclear test in the region. The incident drew a strong protest from New Zealand, but France responded coolly. Perhaps the current protests will also be ignored.

Accordingly, protests will be inadequate. The United Nations and the big countries must act immediately and force France to respond to these objections. At issue are not simply the objections of the South Pacific countries, but rather the consistency of the world community in restricting the development of nuclear weapons.

Without firm action, this will become a bad precedent in the international community. Countries that have the potential to develop nuclear weapons will be able to justify their efforts and the whole world will be threatened.

Impact of U.S.-Japan Trade Dispute Assessed

BK1906045195 Jakarta SUARA KARYA in Indonesian 15 Jun 95 p 5

[Article by Mukhaer Pakkanna, observer and lecturer at the Muhammadiyah School of Economics in Jakarta — passages in italics published in English]

[FBIS Translated Text] The summit of world "conglomerates" or the G-7 [Group of Seven] will take place in Halifax, Nova Scotia, Canada, from 15 to 17 June. The meeting may be very interesting because there has been no solution yet to a trade dispute that has been dragging on between the United States and Japan. Thus, there are questions about this. Will the difficult dispute affect the economic synergy of the G-7? Will the trade dispute between the two "naughty" countries have a negative impact on other developed countries? What will be its implications on the politico-economic synergy of developing countries and other poor countries?

Dispute

International trade friction will occur if a long-simmering problem cannot be resolved. U.S.-Japanese trade friction initially emerged over a deficit incurred by the United States in its trade with Japan. The issue of the yen's appreciation ensued. The trade friction later degenerated into a trade dispute. By the end of 1994, the United States suffered a deficit of U.S. $66 billion, U.S. $36.8 billion of which involved the automobile industry, in its trade with Japan. The swelling deficit has caused the United States to further lose confidence in its role on the international economic scene.

Therefore, the United States introduced a two-pronged meticulous strategy to regain the world's trust. The United States first engineered an *undervalued* U.S. dollar to enable U.S. products to be competitive in the global market and later reactively tried to "deflate" the Japanese domestic market. However, if the two-pronged strategy is analyzed, the strategy will bring no long-term benefit to the United States as long as the United States does not solidify the structure and synergy of its foreign trade. According to data at the *Japan Institute for Social and Economic Affairs*, the U.S.-Japan trade dispute will intensify if the elasticity of the Japanese demand for imported U.S. products against income fluctuations in Japan remains lower than that of the U.S. demand for Japanese products against income fluctuations in the United States. According to the statistics of trade between the two countries until 1992, 97 percent of Japanese exports to the United States consisted of manufactured products. Eighty percent of the manufactured products consisted of machinery products, spare parts, office equipment, and communications appliances, while semiprocessed products and consumer goods made up only about 10 percent of the share.

In the meantime, about 40 percent of U.S. exports to Japan comprised primary commodities, 35 percent of which were food and agricultural produce. Indeed, 50 percent of the U.S. exports to Japan consisted of manufactured products. However, a deep discrepancy was visible when compared to the export of Japanese manufactured products to the United States. This proves that the demand for primary agricultural and mining commodities will be theoretically less elastic against income fluctuations. On the reverse side, manufactured goods will be more elastic and more prospective. This indicator shows that the ability of the U.S. economy to compete on the international scene is far below that of the Japanese economy and the economies of other industrialized countries, especially several G-7 members.

The United States itself does not understand this problem well. As a result, the United States continues to cling to its traditionally emotional and hegemonistic attitude to settle various problems. Accordingly, please don't be surprised that the United States continues to protect its market with a series of rhetorics and regulations although trade globalization and liberalization are in high gear. For example, the United States has maintained, modified, and used *Section* 301 of the U.S. trade law, a "lethal" weapon which came into existence in 1974 when the GATT was in disarray, as an instrument to "intimidate" its opponents and trade partners. The U.S. image in the international community will probably be eroded in the long run if the unfair attitude is maintained. Bill Clinton is facing this problem in the Congress which is now controlled by the Republican Party.

In the meantime, the recent U.S. trade sanctions against Japan, though not final yet, has failed to force Japan to kneel. Japan, for its part, has indicated that it will launch a series of retaliatory measures beyond bringing the United States to trial before the World Trade Organization [WTO]. This indicates that the "arrogant" United States will now find it difficult to impose trade sanctions against countries that have a strong economic and industrial structure. According to ASIAWEEK in December 1993, Canada suffered a trade deficit of U.S. $25.84 billion, France U.S. $6.15 billion, Italy U.S. $12.73 billion, Germany U.S. $20.48 billion, Britain U.S. $7.77 billion, and the United States U.S. $34.42 billion, while Japan instead enjoyed a trade surplus of U.S. $120 billion. Therefore, the WTO is facing an extremely severe test, and its main duty is to settle the U.S.-Japanese trade dispute.

Other Implications

The main duty of the G-7 (plus Russia) summit will be to settle trade disputes between its members, especially the U.S.-Japanese dispute. If the G-7 wants to survive, the consolidation of the organization will have to become the main agenda. Nevertheless, the G-7 countries must remember that they will have to stop exerting pressure on developing countries, which have become the market "objects" of the developed countries, if they want to command a great sympathy on the international scene. They will have to draw up a strategy or framework to treat developing countries as equal trade partners for mutual benefit because we are going into an era of trade liberalization under the WTO. This will enable the developing countries to gain access to the international market. If the United States "arrogantly" maintains its hegemonistic attitude, it will eventually be left behind by its own trade partners.

The trade dispute will endanger developing countries, but they will also get some interesting opportunities. If the sanctions continue, East and Southeast Asian countries as well as other developing countries could become a "new alternative" for Japan to invest its funds as well as new partners. Here lies the future of the G-7. If the dispute persists, the G-7 may not last long. Moreover, the economic performance of East and Southeast Asian countries has proved that the region will become "fertile" ground for developed countries. Economic and trade interests will remain the main reason for cooperation. Several European members of the G-7 visibly want to assert their influences in the region (East Asia and Southeast Asia).

The disharmonious relations between the developed countries, which have been institutionalized in the G-7 framework, should provide other developing countries as well with a strong opportunity to show the ability to develop themselves and assert their economic power. It is, thus, very urgent for developing countries to gather their potential to welcome an era in which countries that have not been reckoned with in the past international trade constellation will emerge to "change the face" of the world.

Alatas Terms Island Dispute Report 'Misleading'

BK1606132495 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 15 Jun 95

[FBIS Translated Text] Foreign Minister Ali Alatas stressed that the report made by a private broadcaster was based on a misunderstanding. The report said that Indonesia was already bored with dialogues on the issue of East Timor.

Speaking in Dili today, Minister Ali Alatas explained that the misunderstanding occurred during a recent press conference in Jakarta concerning the East Timor issue — in particular regarding the conclusion of the AETD [All Inclusive East Timor Dialogue] in Austria.

According to Minister Ali Alatas, after the press conference, a local private broadcaster asked him to make a further comment on the latest development concerning the talks on the Sipadan-Ligitan Islands issue. He was also asked for comments in connection with the Malaysian foreign minister's expected attendance at the fourth Indonesia-Malaysia Joint Commission. Foreign Minister Ali Alatas then stated that the final stage of the Sipadan-Ligitan Islands discussions would probably end with a mutual exchange of legal documents, but he did not mention that the meeting would end in deadlock. In this regard, the private broadcaster concerned was requested to correct the misleading report.

TEMPO Writers To Publish 'Dummy Issue'

BK1606133695 Hong Kong AFP in English 1330 GMT 16 Jun 95

[FBIS Transcribed Text] Jakarta, June 16 (AFP) — TEMPO, Indonesia's best-selling weekly magazine forced shut by the government last year, plans to publish a dummy issue on the first anniversary of its banning next week, an ex-TEMPO journalist said Friday.

"We expect to publish around 3,000 copies," former TEMPO journalist Bambang Harymurti told AFP, explaining that "a dummy issue does not need an official license."

Information Minister Harmoko a year ago revoked TEMPO's publishing license, citing editorial content that might endanger national stability but without specifying any particular article of the law.

On the same day, the weeklies EDITOR and DETIK were also banned for alleged administrative irregularities.

In an unprecedented move, the Jakarta administrative court last month overturned TEMPO's banning, ruling in favor of former chief editor Goenawan Mohamad, who filed a suit against Harmoko in September 1994 demanding the revocation of the ban the legality of which he questioned.

The court also ordered Harmoko to grant the magazine a new publishing licence. Harmoko has since appealed to the High court.

To commemorate the anniversary of the bannings, a group of "journalists and people concerned about press freedom" are staging a week of seminars and exhibitions in major cities starting on June 19, one of the organizers, Deni, told journalists here Friday.

Abdurrahman Wahid, chairman of the mass Muslim organization Nahdlatul Ulama, is scheduled to speak at its opening of one exhibition here.

The commemoration will also include a press-freedom award honoring journalists from an independent journalist associations currently on trial for allegedly expressing enmity against the government.

Before it was banned, TEMPO was Indonesia's best-selling weekly magazine with a circulation of around 180,000.

The bans came under fire abroad, with critics including US President Bill Clinton.

Philippines

Government Addressing Spratlys Issue

ASEAN May Raise Issue

BK1906050395 Manila BUSINESS WORLD in English 12 Jun 95 p 9

[Report by Paul N. Villegas]

[FBIS Transcribed Text] The six member states of the Association of Southeast Asian Nations (ASEAN) are still deliberating whether or not they will collectively raise the Spratlys issue in this year's ASEAN Regional Forum (ARF) meeting in Brunei.

Foreign Affairs Secretary Domingo Siazon said the regional grouping is worried that bringing the Spratlys issue to the discussion table would only be met with resentment and objection from the Chinese delegation.

"Baka umangal ang China (China may complain)," Mr. Siazon told reporters over the weekend.

But the foreign affairs chief said the Philippine Government will continue to bat for the inclusion of the Spratlys issue in the ARF agenda regardless of the outcome of ASEAN's decision on raising the issue.

"It (Spratlys concern) will have to be raised because it's too important," he said.

During the recent ARF senior officials meeting in Brunei, where foreign affairs vice-ministers and undersecretaries representing the 18 major players in the region participated, Mr. Siazon said officials from 14 ARF participating countries have agreed to raise the Spratlys issue during the forum's ministerial conference in early

August this year. However, he did not specify which countries were in favor or against elevating the issue.

The ARF, which will convene for the second time this August in Brunei wil' bring to the discussion table foreign ministers from 18 major players in the region, including the six ASEAN members, the United States, Japan, South Korea, China, and Russia.

Manila has been seeking the support of its ASEAN colleagues and the grouping's dialogue partners to have the issue on the Spratlys tackled in the ARF agenda, thus internationalizing the issue further.

Paul Evans, a regional security expert and director of Canada's Joint Center for Asia-Pacific Studies said bringing Beijing into the discussion table to address the dispute won't be easy.

"It'll take a great deal of effort and demand a great deal of cooperation among the ASEAN states, the U.S., and Japan to raise the significance of this question in their negotiation with China," he told BUSINESS WORLD.

He suggested that the ARF develop new mechanisms that would address the Spratlys dispute on a governmental level, adding that such an approach would help reduce tension in the area and deter claimant countries from engaging in any form of military confrontation with China.

"For the ARF to have meaning, it must address issues on the South China Sea on a ministerial level. There must be real intent to discuss conflict resolutions. Otherwise, the value of the ARF would become less than what it should be," he said.

The Spratlys in the South China Sea are seen as a potential flashpoint in the region. They are believe to sit atop large reserves of oil and mineral deposits and are being claimed by China, Taiwan, Vietnam, the Philippines, Malaysia, and Brunei.

Tensions escalated last February when Manila accused Beijing of building military facilities and stationing naval vessels in Panganiban Reef, a Philippine-claimed portion which lie within the country's 200-mile exclusive economic zone.

The rift turned sour after talks in Beijing last March failed to achieve any breakthrough.

Regional analysts said China is determined to block efforts that would internationalize the Spratlys issue because it would allow weaker claimants to hurl accusations against Beijing.

"It will be premature to say that we (ASEAN) are categorically bringing this (Spratlys issue) to the ARF discussion table. But we need to have a checkpoint on this before the ARF convenes," a senior foreign affairs official said.

Mr. Evans said raising the Spratlys issue to the ARF should not focus on the Panganiban Reef incident alone.

"It has to be in the context of the South China Sea question in general not on the specific incident. I don't think the ARF has the mechanism to address specific issues or conflicts like these," he said.

Although the ARF is only a forum for consultations and not a dispute mechanism, regional analysts believe the Spratlys issue and the Panganiban Reef incident should be addressed since they affect regional security.

'Discreet' Negotiations With PRC

BK1906063695 Manila THE MANILA CHRONICLE in English 14 Jun 95 p 6

[FBIS Transcribed Text] Acting Foreign Affairs Secretary Domingo Siazon yesterday said the Philippines was holding discreet negotiations with China over the disputed Spratlys Islands to further enhance friendly relations and avoid "quarreling over small islands."

He also told reporters he believed media should be restricted from covering the negotiations over the Spratlys as this would only intimidate both parties.

Siazon made these remarks even as China boasted of having historical links to the disputed island chain.

The GUANGMING DAILY recently reported Chinese artifacts dating as far back as the 10th century, were found in the islands, proving it had always been a part of China.

Porcelain pieces from the Sung (960-1279), Yuan (1279-1368), Ming (1368-1644) and Qing (1644-1911) dynasties were recently found on the island chain by archaeologist Wang Hengjie of the Chinese Minorities University, the report said.

But it did not explain how it managed to ship Wang to and from the islands without the knowledge and permission of other nations claiming the islands, including the Philippines.

The islands mostly submerged at high tide, are also claimed wholly and in part by Vietnam, Taiwan, Malaysia, and Brunei.

"We should come up with something that is mutually agreed upon, hindi masyadong idya-dyaryo baka mamaya mag-miss ng konti, magtuturuan lang, walang mangyayari pagkaganoon [not so much press releases because if there is a minor mistake, there will just be finger pointing, nothing will happen if that is the case]," Siazon said.

The Philippines will likely pursue its demand for China to pull out structures it has built on Mischief Reef in the Spratlys in a way that will not make it lose face, Siazon added, saying the Philippines could not force China out.

"When you negotiate, you try to preserve the face, the reputation of your partner. Solution to this problem should be a 'win-win' case," he said.

"In this case, where the other party involved is just totally superior in size, in economy, and in military power, we should look at the economy," he added.

The Philippines have proposed a code of conduct on the Spratlys followed by confidence-building to avoid a military confrontation.

"Confidence-building measures are important, para [so that] we can say okay nagkaatraso tayo diyan [we have a dispute there] but let's do it right," Siazon said.

Siazon said all nation-claimants should benefit from negotiations over the islands, said to have rich oil deposits.

Security experts regard the islands as a possible regional flashpoint.

Beijing maintains a considerable military presence in the region and has been accused by Manila of building possible naval structures in the islands. China has said the structures were there to service Chinese fishing boats.

'Concerted Bilateralism' Policy

BK1906074795 Manila MANILA STANDARD in English 14 Jun 95 p 2

[Report by Merlinda Manalo]

[FBIS Transcribed Text] The Philippines has resorted to "concerted bilateralism", a new term coined by foreign affairs officials to describe simultaneous bilateral and multilateral approaches in resolving the long-standing Spratlys dispute in an effort to draw China into talks with other claimants to the contested islands.

A senior foreign affairs official said the new tack is intended to lure Beijing into multilateral discussions on the Spratlys issue, while at the same time resolving its bilateral dispute with Manila in connection with its occupation of the Philippine-claimed Mischief Reef, which lies in the contested area.

The official, who spoke on condition of anonymity, said the multilateral talks will exclude Taiwan to preserve the Philippines' adherence to a One-China policy.

The potentially oil-rich Spratlys is being claimed in whole or in part by China, Vietnam, the Philippines, Malaysia, Brunei, and Taiwan. Under its One-China policy, the Philippines recognizes only the People's Republic of China and treats Taiwan as a province of the mainland, hence, the exclusion from the proposed multilateral talks on the Spratlys.

A report by former Ambassador to China Alfonso Yuchengco, who was sent to Beijing recently as a special envoy of President Ramos, indicated that China, which had earlier shunned multilateral discussions on the Spratlys, was now more open to the proposal, as long as the United States was kept out of the picture.

Two-track plan

Acting Foreign Secretary Domingo Siazon, Jr. said that based on Yuchengco's report, China had given the impression that it welcomes a two-track plan of cooperation in resolving the dispute.

He explained that "two-track" meant that discussions would be conducted both at the government and non-government levels.

Siazon said Beijing and Manila are currently discussing private initiatives to develop the Spratlys which include projects on environmental protection in the area.

A Philippine proposal to establish a code of conduct in the Spratlys will also be discussed with China before the start of the ASEAN Regional Forum in Brunei next month, where the issue will be raised at the multilateral level.

Rich in Marine Resources, Not Oil

BK1906022295 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 18 Jun 95

[FBIS Translated Text] University of British Columbia expert (?Ian Townsend Volt), has revealed in a conference held in Singapore that it is not true that there are extensive deposits of oil in the Spratlys. The revelation was made in connection with the issues surrounding the Spratlys dispute. (Volt) said it is possible that those claiming the Spratlys are interested in its rich marine resources such as fish. According to the expert, billions of dollars worth of fish are harvested from the South China Sea every year.

Annabelle Cabanban of United Nations Environment Program has also said in the conference that it would be better for the Spratlys to be made a protected area rather than to open it to oil exploration. Other experts supported Cabanban's recommendation and said oil exploration conducted in the South China Sea will most likely destroy its marine resources. The destruction will likewise affect the fish supply of 800 million Asians.

Fifth Round of MNLF Talks Resume in Davao

BK1906101895 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 19 Jun 95

[FBIS Translated Text] The fifth round of talks between the government and Moro National Liberation Front [MNLF] peace panels formally resumed in Davao City following MNLF Chairman Nur Misuari's arrival yesterday.

The government panel is headed by chief negotiator Ambassador Manuel Yan. Yan said the meeting will formulate the agenda for the third peace talks scheduled next month in Jakarta, Indonesia.

The meeting tackled the issues of autonomy; the establishment of a provisional government; the proposal for a regional security force; livelihood; natural resources; administrative system; and, representation in the national government, legislative assembly, and the executive council.

Minister Views Tax Reform Package

MS1606143095 London FINANCIAL TIMES in English 16 Jun 95 p 6

[Report by Peter Montagnon: "Manila Planning taxation Reforms"]

[FBIS Transcribed Text] The Philippine government will launch a far-reaching package of direct tax reforms as soon as the new Congress begins its first session on July 24, Mr Roberto de Ocampo finance minister, said in London yesterday.

The package will aim to broaden the tax base and improve collection in an effort to raise the share of fiscal revenues to around 18 per cent of gross domestic product over the medium term from 15.5 per cent at present.

That would put the Philippines in line with its faster-growing partners in the Association of South East Asian Nations, Mr de Ocampo said.

It could contribute to a rise in the country's relatively low 16 per cent savings rate and would secure an improvement in the fiscal position, which was in surplus last year for the first time in two decades.

"We think this tax reform is going to be a major legacy of this administration and one of the vital foundation stones of our efforts to have sustainable economic growth beyond the year 2000," he said.

The package would draw into the tax net more companies, only 40 per cent of which currently pay tax. Corporation tax would fall to between 20 and 25 per cent from 35 per cent, but the new rate would be based on gross sales rather than net income.

Reform of personal tax would involve automatic deductions, increased thresholds and a clear set of rating bands. As with corporation tax, this would streamline collection and remove room for discretion, corruption and tax evasion, he said.

Mr de Ocampo said his tax reform task force was already working with congressional leaders to ensure support for the package. The earlier introduction of value-added tax ran into political problems — its extension to services is still held up in the supreme court — because it had not been properly explained at the outset. The new reforms were "pro-poor and pro-progress", he said.

He was also planning a series of "talk naughty" golf-course meetings with business leaders in which he would invite them to identify loopholes in the new system so that they could be closed off before it entered force.

In the first year of the programme net tax revenues would probably increase by only around one per cent or 3bn to 5bn pesos (73m pounds to 121m pounds) but the benefits would grow as more companies were caught in the net.

The government expected a further 16bn pesos in revenues this year from "re-privatising" organisations such as the Philippine National Bank and Manila Hotel, as well as enterprises in the smelting and fertiliser sectors.

Later it would privatise organisations which have always been state-owned such as Philippine National Power, but this would involve a gradual approach, initially involving only a private sector management contract. A direct sale of the power business was impracticable because of uncertainty over the impact on national electricity prices from the development of a nationwide grid, he said.

Telecommunications Firms Set Up 'Supercartel'

BK1906085495 Manila MANILA STANDARD in English 13 Jun 95 p 13

[FBIS Transcribed Text] Eight telecommunication firms which have been given gateway, cellular, and service area assignments by the National Telecommunication Commission (NTC) have formed a "super-telecom company" that could control the telecommunication traffic in the country.

This development, according to lawyer Rogelio Quevedo could effectively put the telecom industry under the control of a "supercartel" which contravenes the government's avowed policy of deregulating the telecom industry and allowing new players to come in.

Quevedo, legal counsel of Bell Telecommunications Philippines (Bell Telecom) revealed yesterday that eight telecom companies, led by the International Communication Corporation (ICC) have incorporated Telecoms Infrastructures Corporation of the Philippines Inc. (Telecphil).

Telecphil, Quevedo said, is "by any other name a supercartel."

In its registration document, Telecphil said its primary purpose is "To engage in the business of providing services for the design, planning and development of telecommunications transmissions systems and facilities including but not limited to the preparation of feasibility studies, market research, marine and terrestrial surveys, construction and operation of facilities."

The operations of the new telecom firm, Quevedo said, is based on a scheme prepared by a nephew of a top NTC official who has proposed to manage the firm.

The incorporation of this firm, Quevedo emphasized, gave credence to Bell Telecom's contention that the EO [Executive Order] 109 players are ganging up on Bell Telecom in their bid to prevent competition and ensure that the telecom industry remains in their hands.

They are behaving in the way a cartel behaves, Quevedo said.

Bell Telecom had sought the NTC's approval of its application to install and operate a nationwide, state-of-the-art telecommunication system covering 2.6 million lines, a double backbone telecom superhighway and gateway facility.

The NTC chief, however, not only refused Bell Telecom's proposal. He also prodded nine telecom firms he had earlier granted service area assignments to oppose Bell Telecom's application. These companies are International Communications Corporation (ICC), Phil. Telegraph and Telephone Corp. (PT and T), Isla Communications Inc. (Islacom), Globe Telecom (GMCR), Smart Communications (Smart), Express Telecommunications Co. (Extelcom), Eastern Telecommunications Phil. (ETPI), Pilipino Telephone Corp. (Piltel), and Digital Communications Inc. (Digitel).

The same companies, except Digitel, are the incorporators and stockholders of Telecphil.

According to records at the Securities and Exchange Commission (SEC), Telecphil was registered on April 26, 1995 with an authorized capital of P [pesos] 22 million divided into 22 million shares valued at P1 per share.

ICC of the Lopez group is the corporation's biggest stockholder with 1.8 million shares. PT and T follows with 1.2 million shares. The other stockholders are: Islacom (1 million), GMCR (781,249), Smart (682,499), Extelcom (143,749), ETPI (26,249) and Piltel (9,999 shares).

Eight officers of the same stockholding companies were allocated one share each in Telecphil. They are Primitivo T. Penaranda, Marilyn Eleanor Santiago, Jovino G. Lorenzo, Jr., Filemon T. Berba, Orlando B. Vea, Jesus Benjamin D. Salvosa, Melquiades Gutierres, and Pedro A. Buhion.

The NTC official's relative's dealing with the cartel, Quevedo also pointed out, brings questions of impropriety and delicadeza [prudishness] if not of vested interests and outright influence peddling on the NTC official.

Records show that the relative NTC official proposed the setting up of the corporation to implement what he described as "Strategic Interconnection Tandem Exchanges" or SITEs which is basically a telecom backbone system.

This system had to be installed to interconnect each "service area" granted to each firm when making domestic long distance or international calls.

In effect, the relative of the NTC official had proposed a lucrative solution to the "problem" created by his kinsman.

Thailand

SRV Envoy Sure of Solution to Gulf Incident

BK1606163095 Bangkok BANGKOK POST in English 16 Jun 95 p 8

[FBIS Transcribed Text] The Foreign Ministry is seeking authorization from Prime Minister Chuan Likphai to exchange a Vietnamese soldier captured by the Navy in a recent incident in the Gulf of Thailand for Thai fishermen, a government source said yesterday.

Second Lt [Lieutenant] Trung Gwan Gyai is being detained at the headquarters of the Navy's Second Region in Songkhla Province. The bodies of two Vietnamese soldiers who were killed in the May 31 incident are also being kept there.

Meanwhile, the Vietnamese authorities are holding 61 Thai fishermen and five captured trawlers off the coast of Binh Hai Province. They are also keeping the body of a Thai fisherman killed in the incident.

The source said the Ministry had sent a letter to the prime minister recommending that the Vietnamese soldier be freed. The recommendation is intended to demonstrate Thailand's goodwill in speeding up talks to end the problem.

Officials from both countries met yesterday at the Ministry to try to resolve the incident. The Thai delegation, led by the director-general of the East Asian Affairs Department Sombun Sa- ngiambut, held an hour-long discussion with the Vietnamese Ambassador to Thailand Le Cong Phung.

Vice Admiral Phadungrat Siphet, commander of the Navy's Second Region, brought the Vietnamese soldier from Songkhla to the meeting so he could be questioned by Foreign Ministry officials. The soldier had the opportunity to meet the Vietnamese envoy for the first time during the meeting.

Foreign Ministry spokesman Suwitthaya Simasakun told reporters after the meeting that Thailand and Vietnam had agreed to exchange the bodies as soon as possible.

Despite both sides insisting that the incident took place in their territorial waters, Thai and Vietnamese officials have expressed optimism that the problem can be resolved soon.

"Vietnam is trying to seek the best way, the most logical and appropriate way to solve the problem," the Vietnamese envoy said after emerging from the talks.

"I'm sure the two governments have the political will to solve this in an appropriate way," he added.

"The incident took place in the exclusive economic zone of Thailand," Vice Admiral Phadungrat stressed while speaking to reporters, but Mr Phung countered by saying, "everyone has their own reasons," when asked about the question of sovereignty.

"What has happened has happened," he added.

Mr Suwitthaya agreed with the envoy's remarks, saying both sides should focus on how to end the problem as soon as possible.

He said Thailand has sought permission from Vietnam for the Thai Consul in Ho Chi Minh City, Sananchat Thephatsadin, to visit the Thai fishermen being detained.

Both sides also discussed an agreement on cooperation in an overlapping area of the Gulf of Thailand, which states that Bangkok and Hanoi should undertake joint inspections to avoid the use of force and prevent future incidents in areas where the sea boundaries are unsettled, he said.

The agreement was reached in a meeting of the Joint Committee on Fisheries and Sea Order, co-chaired by Foreign Minister Surin Phitsuwan and Deputy Vietnamese Foreign Minister Vu Khoan in Phuket last March.

Mr Sananchat denied a report that Hanoi was demanding $20,000 for the release of each fisherman. He said he had not received any such demand.

He said he would meet the Thai fishermen after returning to Ho Chi Minh City next week.

Foreign Ministry officials said even if the demand was true, Thailand would never accept it because it would imply that the Kingdom had admitted the incident took place in Vietnamese waters.

In Vietnam, official newspapers reported that authorities in the southernmost province of Minh Hai have decided to release the Thai fishermen, according to Reuters. But there was no immediate Vietnamese government comment on the reports.

Mr Sananchat said he hoped that because Vietnam was preparing to officially join the Association of Southeast Asian Nations, it would try to resolve the issue soon so as not to affect its status in the above respect.

Vietnam will be accepted as a new ASEAN member in the grouping's meeting of Foreign Ministers in Brunei next month.

WTO To Hear U.S. Pineapple Dumping Charges

BK1606155495 Bangkok Radio Thailand Network in English 0000 GMT 16 Jun 95

[FBIS Transcribed Text] The allegation of Thailand's dumping of pineapples into the United States will be brought to the World Trade Organization, WTO, for consideration in the next two months.

Deputy Prime Minister Suphachai Phanitchaphak says Thailand needs to clarify the issue because the fact is that the country can sell its pineapples at a lower price than many other nations due to its lower production costs.

The United States has threatened to impose a high import tariff on Thai pineapples if Thailand is found to have dumped the product into that country. Mr. Suphachai expresses his concern over the U.S. allegation. He says the accusation of dumping may be used as a trade protectionistic measure by some countries.

In investigating into the issue, Mr. Suphachai says the United States needs to use a same principle as in the case of Indonesia which exports pineapples at a lower price than Thailand.

Chuan Discounts Chances of Military Coup

BK1806120295 Bangkok Radio Thailand Network in English 0000 GMT 18 Jun 95

[FBIS Transcribed Text] Leading politicians running in the next general election state their firm belief that the military will no longer intervene in national politics no matter who would be voted into power by the 2 July general election.

Prime Minister Chuan Likphai says he is certain that military leaders will not resort to power seizure to bring about changes in the government. They confirmed their support for democratic principles and democratically elected government.

Meanwhile, Sub-Lieutenant General Manun Rupkhachon, a candidate under the Democrat Party's banner for Bangkok, called a press conference to deny press report alleging that he issued a threat of a coup d'etat if the Democrat Party failed to be returned to power by voters. He produced a transcript of his television interview, which was misquoted and wrongly commented. General Manun in fact responded to a question on prospect of a coup d'etat in the future saying that disruption could only be caused by the government's departure from its principles and policies, and not necessarily created by the armed forces.

Chuan Supports Plan To Buy 18 U.S. Jets

BK1806073695 Bangkok THE NATION in English 17 Jun 95 pp A1, A3

[FBIS Transcribed Text] Prime Minister Chuan Likphai yesterday pledged full support for the Royal Thai Air Force's plan to buy 18 F-18 jet fighters from the United States.

"The government must provide financial support for the acquisition of the 18 aircraft," Chuan said in a speech during a visit to the Air Force headquarters.

Chuan rationalized his endorsement of the plan by citing the need for the country's strengths to be well-rounded if it is to compete internationally. This included, he said, a strong armed forces and economy.

"We have to use a large sum of money for the purchase of the F-18's, the Navy's proposed purchase of submarines and to upgrade the Army's stocks of weaponry. It is the duty of the government to allocate the money for these," he said.

Earlier this year, the Cabinet rejected the Navy's planned acquisition of a number of submarines, declaring the government would rather give funding priority to its education projects.

In the run-up to the July 2 general election, other political parties have also tried to gain the support of the armed forces. Earlier this week, Chat Thai Party candidate, Pongphon Adireksan, expressed his support for the purchase of the submarines.

He said it was important for the country to possess naval strength in order to defend its territorial waters and to improve its bargaining power within the international community.

Chuan said Thailand's economic growth had been rated first in Southeast Asia. Foreign countries have also praised Thailand for its development of democracy.

He said the government had always intended to strengthen the country in all aspects. However, he admitted the government was limited in the way it could pursue that aspiration.

Chuan said the principle of quality over quantity was important when considering the size of the armed forces.

Military personnel should be better educated and officers should not seek kickbacks from weapon traders, he said.

He also claimed his government had never been involved in corruption.

Chuan said the government had frequently approved Air Force projects, including the air defence system in the South, because Air Force Chief of Staff Amon Naeomali clearly explained the need for them to the Cabinet.

A source said the Air Force committee, which is considering the types of aircraft to be purchased, would complete its study by the end of the month.

The committee, chaired by Amon, must choose between F-16 CD and F-18 fighter bombers. The committee prefers F-18s rather than F-16s, the source claimed.

The F-18s are more efficient because they can be used for sea operations and can be equipped with many kinds of weapons. However, an F-18 is US$10 million more expensive than an F-16, the source said.

An F-18 costs US$30 million, while an F-16 costs US$20 without full options.

Editorial Views ASEAN Monetary Union

BK1906073295 Bangkok BUSINESS DAY in English 19 Jun 95 p 4

[Editorial: "It's Time For ASEAN To Think About Monetary Union"]

[FBIS Transcribed Text] The members of the European Union (EU) have spent considerable time and effort over the years trying to come up with a single and unified monetary system, the crowning achievement of which is supposed to be the "ecu" - the acronym for European Currency Unit. Asean economies should closely monitor the EU's experience because international economic competition, the need for greater market efficiency and a lessening of foreign exchange risks will some day compel countries in our part of the world to realize that standardization of monetary policies and practices over a large market area increases economic efficiency and competitiveness.

The US economy is a prime example of the benefits of having one currency and one monetary authority. If the 50 states in the US were to have 50 different currencies and central banks among them, such problems as inflation and low productivity in certain states could be "exported" to other states by way of the exchange process. And with 50 central banks instead of just one, coherent national monetary policies would be practically impossible to formulate Today, when Federal Reserve Chairman Alan Greenspan speaks, the world takes notice. This would not be the case if there were 50 Greenspans for the world to keep track of.

In due time, China will take its place as a world economic giant, and the fact that China's economy will continue to be under one central monetary authority with one currency will give the country much needed control and efficiency — not only in monetary policies but also in international trade and finance.

The EU members are now looking at a time-frame of about four years to implement the single currency system. A plan calls for a gradual adoption of the ecu, and a European central bank is planned to be fully operational within five years. There are still many disagreements among them, however. Some of the agreements are serious and merit considerable attention, while other points of dissension — particularly Germany's proposal to call the currency a "franken" — border on the comical.

As is to be expected, the central objection to a centralized monetary system which cuts across national boundaries rests on the perceived loss of sovereignty. The truth is, however, that losing the game of competition in the age of the Global Village is far more detrimental to national sovereignty than sharing a currency.

In the end, the competitive forces of world trade will have the last word. Smaller and less competitive economies will come to realize that they must do everything possible to hone their competitiveness. And in this process they will be compelled to face up to the reality that they must adopt the ways of the most productive and efficient economies. The leaders of the EU know this, and despite the obstacles they have faced and are throwing in each other's way, they fundamentally agree on the concept of a unified monetary system and have had the foresight to move in the right direction. Asean leaders should face up to the challenge now, for the EU's experience tells us there is a long and hard road to travel.

Cambodian 'Bandits' Abduct 6 Thai Villagers

Soldiers, 'Bandits' Clash

BK1806093095 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 17 Jun 95

[FBIS Translated Text] According to a report from the Suranari Task Force, three armed Cambodian bandits crossed the Thai border and abducted six villagers into Cambodia. The six were collecting forest products in an area about 500 meters from the Cambodian border. The villagers are from Khok Weng in Tambon Khok Takhian, Kap Choeng District, Surin Province. The Cambodian bandits freed one villager, Saman Sangkhatho, and told him to return with 50,000 baht in exchange for the freedom of the other five. They threatened to kill them all if Saman reported to the authorities.

After learning of the abduction, a combined team of officials from the 23d Ranger Unit and Suranari Task Force mounted an operation to rescue the abducted villagers. The group clashed with the bandits at the Thai-Cambodian border. One official of the Thai team was killed. The five Thai hostages are still being held inside Cambodia. Further developments will be reported.

Abducted Villagers Rescued

BK1806133495 Bangkok Radio Thailand Network in Thai 1200 GMT 18 Jun 95

[FBIS Translated Text] In connection with the abduction of six Thai villagers by Cambodian bandits who crossed the border into Surin Province on 16 June, the Public Relations Department correspondent based in Surin reports that a unit of soldiers was dispatched by Major General Sanan Maroengsit, chief of the Suranari Task Force, to chase the bandits. A clash ensued in which one Thai official was killed. Nevertheless, Thai soldiers successfully rescued all six abducted villagers and brought them to safety. The soldiers also issued a warning to border residents not to get close to the Thai-Cambodian border because they anticipate more attempts by armed gangs to abduct people for ransom.

Cambodia Receives Verbal Protest on Shelling

BK1706144495 Bangkok BANGKOK POST in English 17 Jun 95 p 6

[FBIS Transcribed Text] The Foreign Ministry yesterday summoned a representative from the Cambodian Embassy in Bangkok to express displeasure over artillery shells which it claimed were fired intentionally into Thai territory at Aranyaprathet on Thursday, killing a public health official.

Ministry spokesperson Suwit Simasakun said Sombun Sa-ngiambut, director general of the East Asia Affairs Department, told Sar Sambat of the Cambodian Embassy that Phnom Penh forces intentionally fired shells and rockets into Thai territory.

It was impossible the forces miscalculated the range of their artillery because the shells landed a full 3.5 kilometres inside Thai territory, the spokesperson quoted Mr Sombun as saying.

Cambodia must take responsibility for the incident in which about 500,000 baht worth of damage was done to rice barns and a public health station, he said.

Mr Sombun also asked Mr Sambat to ensure that such an incident did not happen again.

Mr Sambat said the incident had occurred as government forces were fighting Khmer Rouge guerrillas near the Thai-Cambodian border.

The Foreign Ministry is expected to submit an official protest letter to Phnom Penh after completing an investigation and an estimate of damages.

Finance Ministry Acts on Current Account Deficit

BK1906072895 Bangkok BUSINESS DAY in English 19 Jun 95 p 3

[FBIS Transcribed Text] The Finance Ministry has launched an effort to prepare a master plan for reducing Thailand's current account deficit, which presently stands at 230 billion baht.

Dr Somchai Ruchuphan, director general of the Finance Ministry said the committee appointed to examine Thailand's deficit problems met for the first time on June 15 and established working guidelines.

The criteria require that proposals to remedy the current account deficit must not have an adverse effect on economic growth and the proposals must also have the objective of reducing current deficit to approximately 0.8 percent of the gross domestic product (GDP) within five years, Dr Somchai added.

The director-general said that the guidelines also include a requirement that the proposed solutions must address all items in the current account and that the committee must complete its work as quickly as possible in time to incorporate the master plan on Current Account Deficit Reduction into the 8th Economic and Social Development Plan.

As for the methods which the master plan will employ to reduce the current account deficit, Dr Somchai stated that the measures will include expansion of exports within the confines of World Trade Organization (WTO) regulations, increasing industrial productivity through manufacturing and technological development of machinery, liberalization of tariff rates, promotion of tourism and reduction in the deficit of the maritime industry by increasing its operating efficiency.

The director-general noted that Thailand's economy is on an upward trend and the export sector is continuously expanding.

Dr Somchai foresees a current balance surplus for Thailand because exports are rising at the rate of 24 percent while the rate of increase of imports is only 20 percent.

Coupled to that 70 percent of imports consist of capital equipment and raw materials while consumer products account for 20 percent of all imports.

"The restructuring of tariff rates will improve Thailand's competitiveness while reducing initial investment costs with the result that imports of raw materials and production will rise. There will be economic growth which will clearly be seen in the electronics industry, including computer manufacturing. Imports will slow down," Dr Somchai said.

In regard to the service sector account, the director-general predicted that the current surplus will turn into a deficit in the future because as the country develops and income levels rise, Thais will utilize more services, particularly travel services.

As a result of the growing number of Thais choosing overseas destinations as holiday options — a trend which shows no signs of declining — Dr Somchai said the surplus in the travel account was reduced in 1994 to 32.1 billion baht, down 58.4 percent from five years earlier when the surplus stood at 77.18 billion baht.

Prime Minister Chuan Defends 'Quiet Diplomacy'

BK1806110095 Bangkok THE SUNDAY NATION in English 18 Jun 95 pp A1, A3

[FBIS Transcribed Text] Prime Minister Chuan Likphai said Thailand should avoid offending its neighbours with "diplomatic showmanship" and claimed his government's style of quiet diplomacy was instrumental in easing a recent diplomatic row between Singapore and the Philippines.

"We were asked by the two countries to mediate between them," Chuan told THE NATION in an exclusive interview last Friday. He said Deputy Foreign Minister Surin Phitsuwan played a key role in helping the two countries head off a political confrontation which was triggered by the hanging of a Filipina maid in Singapore.

Dismissing criticisms that he had not paid enough attention to foreign affairs policy, Chuan said Thailand had been quietly active diplomatically in the region. "But we have tried to avoid any semblance of diplomatic showmanship," he said.

Chuan said Thailand must be seen as "part of Asean" and "not as a leader of Asean."

"Such an approach is much better than being a prima donna and offending our neighbours," he said.

The prime minister said Thailand had irked its Asean neighbours by trying to dominate the grouping. He was apparently referring to the Chatchai government which undertook controversial initiatives toward Indochina without consulting its Asean friends.

When Gen Chatchai Chunhawan, now leader of Chat Phattana Party, was prime minister most other Asean countries had problems understanding his government's handling of its Indochina policy. His decision to hold talks with the Hun Sen government which was then recognized by the international community caught most governments in the region off guard.

Chuan said the fact that Thailand is playing host to the Asean and the Asean-European Community summits later this year and early next year "is a demonstration of how other countries appreciate Thailand's role."

"It has been my intention not to take a high profile because I did not want to create any problems," Chuan said when asked about his low profile on regional affairs.

Chuan insisted that despite persisting human rights violations in Burma, he still would like to see that country invited to the summit of the 10 Southeast Asian countries to be held after the Asean summit. "I still support the constructive engagement policy because it has produced more pros than cons," he said.

On the controversial land reform programme, the prime minister said if returned as the leader of the next coalition government in the July 2 election, the Democrat Party would resume the programme based on the Juridical Council's ruling that beneficiaries must be poor landless farmers.

"There are at least 10 million people who are waiting for the government to distribute land under the land reform programme," he said.

Asked whether he would consider seeking publicity for himself the way other party leaders do in their election campaign, Chuan said: "I don't seek publicity for myself. The Democrat Party emphasizes teamwork. We operate as a system. I don't believe I'm any good on my own."

"I need good and able people like Khun Suphachai (Phanitchaphak), Khun Tharin (Nimmanhemin), Khun Aphisit (Wetchachiwa), and other colleagues to give me fresh ideas," he said.

Asked why he considers himself deserving to come back as the next prime minister, Chuan said he believes he is good at coordinating with other parties in solving the problems facing the country.

"I have been serving the people for 26 years. I really understand the people's problems. No matter how much progress Thailand makes as a member of the international community, the country must always keep under control its internal problems," he said.

Chuan acknowledged that there is possibility that even if the Democrat Party emerged the biggest winner in the election, it may not have the chance to take the initiative to form the next coalition government.

Official Sees Trade Surplus, Tourism Deficit

BK1806073895 Bangkok THAILAND TIMES in English 17 Jun 95 p B1

[FBIS Transcribed Text] Thailand's balance of trade will be in surplus in the future whereas the balance of tourism tends to face deficit, according to the Fiscal Policy Office (FPO) Director- General Somchai Ruchuphan.

He as the chairman of the committee to alleviate the current account deficit said yesterday that Thailand's trade deficit at present is reducing because the country's exports continue to grow. In addition, most of the imported goods are capital goods and raw materials which are used mainly for expanding investment and production capacities in the country.

As for the tourism balance, he said that during the past 7-8 years the annual surplus of 70,000 million baht was reduced to 30,000 million baht. Each year, there are 5.1 million tourists visiting Thailand, while 1.6 million Thai people travel abroad. The figures show that the number of tourists coming to Thailand remains stable while more Thai people go to foreign countries.

The committee will rely on the trade balance which is expected to be in surplus due to more exports, in solving the problem of current account deficit.

However, the state has to promote the surplus in trade by providing more infrastructure. The government should also encourage private sectors to use efficient machinery in order to increase the production capacity by reducing the import tax.

In addition, the committee will separate the work plan, according to service balance, the balance of transferred money, and the balance of revenue. The revenue balance comprises of the income from foreign investments, the income from labor wage, and the income from in-out interest.

BOT Defends U.S. Dollar Weighting in Baht

BK1606163595 Bangkok BUSINESS DAY in English 16 Jun 95 p 1

[FBIS Transcribed Text] The Bank of Thailand (BOT) has strongly defended its method of calculating the basket of currencies and claimed that using dollars as the largest portion of foreign currency reserves accurately reflected Thailand's international trading conditions.

BOT deputy director Thanasak Chanthowat acknowledged that private research institutions had criticized the BOT's method of computing the basket of currencies as well as its heavy reliance on the dollar as a reserve currency in the face of the dollar's decline in value.

Mr Thanasak said that on the matter of computational methodology, critics contended that the BOT's failure to include an inflation index explicitly in the mathematical equations yielded inaccurate results which did not portray actual trading conditions, particularly Thailand's competitiveness in the export sector.

He explained that the equation in current use contained many variables, and the inflation index was in effect already a part of the computational process, though not explicitly so. "The proposed changes and the current method produce results which are not significantly dissimilar, and the differences are more in terms of methodology."

On the related matter of holding dollars as a major reserve currency, the deputy director said that most of Thailand's international trade was transacted in dollars, so the predominant use of dollars as a reserve currency was justified. Mr Thanasak added that those who advocated less reliance on the dollar because of its volatility were incorrect because all currencies had been volatile to one degree or another.

Mr Thanasak did not address the contention that Thailand should rely less on the dollar because the currency has declined in value relative to other major currencies such as the yen and the D-mark.

Ambitions of New Phalang Tham Leader Viewed

BK1806120595 Bangkok THE SUNDAY NATION in English 18 Jun 95 p A4

[Editorial: "Thaksin's Challenge: Does the End Justify the Means?"]

[FBIS Transcribed Text] The change in the Phalang Tham Party leadership was one of the swiftest and smoothest ever witnessed in Thai politics. At the stroke of a pen, party founder Chamlong Simuang, who made Phalang Tham a new force in the aftermath of the tragic May 1992 events, gave away his leadership after a series of major political miscalculations.

Thaksin Chinnawat transformed the image of Phalang Tham overnight into a hi-tech, ambitious, worldly and impatient organization. Its election campaign hinges on building up legitimacy for itself through quick thinking and fast actions. The world, so to speak, should not dictate to us, says Thaksin as he points his finger to the globe.

But these are images and campaign strategies, the merits of which voters will have to decide on. Thaksin is probably the man of the moment for the voters in their 20s who, like him, are hungry and ambitious for quick personal success. They are part of the new Thai middle classes, a nouveau rich group, which thinks that wealth and power can solve everything. This agenda may not suit the rest of the country, however.

Rural people also need wealth and power, but as pure Buddhists who deeply believe in karma, they are accustomed to the poverty and Thaksin's campaign might appear unduly ambitious.

Worrying signs

Underneath the hi-tech and apparent personal triumph are more worrying signs. Some members of the temple faction in the Phalang Tham Party are weary of Thaksin's apparent overly eager alliance with the Chat Thai Party, which wholeheartedly believes that it can win a large number of seats and that party leader Banhan Sinlapa- acha could become the next prime minister.

Thaksin's support for the northern-based Thoet Thai faction of Narong Wongwan, which has joined forces with Chat Thai, has made many members of the temple faction uneasy.

Political pundits have seen the Phalang Tham and Chat Thai alliance as one that will help boost the image of the latter should it win the most Parliament seats on July 2, and enabling it to form the new government. Even before the election results have come out, many Chat Thai members are already discussing the allocation of key political positions. It remains to be seen whether the members of the temple faction in the Phalang Tham Party will be able to tolerate the aggressive men of Chat Thai. Even they found out that their previous relationship with the Democrat Party, a less aggressive party than Chat Thai, was not a smooth one.

Thaksin is also seen as moving on risky ground over party spending in the election campaign. The use of expensive hi-tech equipment, satellite and broadcast services in a nationwide public relations campaign may just backfire if he is not careful.

He should take note of the recent experience faced by former Italian prime minister Silvio Berlusconi, whose political career became unstuck because of his majority ownership in a media conglomerate. He might have scored a victory in a referendum to keep his television channels but many are still skeptical.

Real ambition

Sooner or later, the question of Thaksin's ownership in companies having state concessions, will surface. With his majority stake in listed companies profiting mainly because of concessions, the public is still skeptical as to what Thaksin's real ambition is in joining politics despite his repeated vow that he is wealthy enough not to exploit his power for a bigger fortune.

The telecom tycoon might have sold his stake in Chinnawat Computer and Communications Co, but the question still lingers as to whether he would be eligible for a ministerial post under the new constitution.

A neutral Constitutional Tribunal will need to rule on this matter eventually if all the doubts are to be cleared. The way that he has been deploying facilities from his companies, with or without charges, reinforces these doubts.

Review of New Insurance License Rules Sought

BK1706162595 Bangkok BANGKOK POST in English 17 Jun 95 p 15

[FBIS Transcribed Text] Commerce Minister Uthai Phimchaichon says he will ask the Cabinet to review regulations governing the qualifications of applicants for new insurance companies.

The Government is liberalising the industry, but the Insurance Department has declared that existing insurance firms or their executives and shareholders cannot apply for new licences.

Lack of precision in the definition of "shareholders" has caused considerable confusion in the industry, said Sarawut Phasuwanitphong, president of the General Insurance Association.

Many fear the regulation would discourage people from buying shares in the 19 insurance companies now listed on the Stock Exchange of Thailand, he said.

Mr Uthai said the Cabinet should clarify who the shareholders specified in the regulation are. If it covers every individual who holds shares in a listed insurance firm, it is unfair to people who might want to enter the business, he said.

Wiriya Insurance Ltd, one of the country's largest non-life insurance firms, had planned to apply for a life-insurance licence before the regulation was announced, managing director Prasan Ninmanat said yesterday.

Wiriya had expected to do well by adding life assurance to its existing business, given the size of its market.

It also had some new potential shareholders lined up. Dealers and agents of Mercedes Benz had agreed to equity participation. Wiriya is an affiliate company of Thon Buri Phanit Co, a Mercedes Benz distributor.

Central Bank To Curb Liquidity in New Policy

BK1906071395 Bangkok BUSINESS DAY in English 19 Jun 95 p 1

[FBIS Transcribed Text] The Bank of Thailand (BOT) announced a new direction in monetary policy for the second half of this year.

The emphasis will be moved from credit extension and interest rates, to curbing liquidity.

BOT Governor Wichit Suphinit said: "Liquidity in the financial sector must be closely monitored because we are concerned that a heavy influx of foreign investments may result in some of the funds going to non-essential economic sectors."

Economic and financial data for July will be closely examined, to determine the effects of mid-year bonus payments by large companies, said Mr Wichit.

Also monitored will be the half-year accounting procedures involving closing budget accounts, Mr Wichit added.

The central bank's governor announced that the BOT's new objective has arisen partly due to commercial lenders having already formulated loans plans.

Commercial grant organizations are also submitting monthly reports to the BOT.

The lending plans and the monthly reports are sufficient to keep credit extension under control, the governor said.

Mr Wichit stated that BOT's policy for controlling interest rates has been to keep them at a high level.

Present trends do not point towards lower interest rates. This means that liquidity is not excessive, the governor said.

The BOT will not curtail the influx of foreign funds, but it will carefully analyze their economic impacts, the governor said.

"The fact that interest rates at commercial banks have remained high is in itself a controlling factor over credit expansion. In addition, the BOT has established procedures for commercial lenders to formulate credit extension plans, including the submission of monthly reports. These are strict procedures," Mr Wichit said.

If the immigration of foreign funds becomes excessive, the BOT is prepared to take corrective measures. These methods could include the issue of bonds and other appropriate steps, Mr Wichit said.

He added that recent data showed most foreign funds recently coming into Thailand's market had been purely for investment purposes.

The governor regarded this as cause for concern, because foreign investors in the Thai stock market often did not have an adequate knowledge of the country's economic conditions.

They have a tendency to move funds in and out of Thailand rapidly which can destabilize confidence and create inaccurate predictions, he said.

During the past three months, short-term foreign investments in Thailand amounted from $1.2 billion to $1.3 billion per month.

Vietnam

U.S. MIA Official Confirms No POW's Alive

BK1906113295 Hanoi Voice of Vietnam in English 1000 GMT 19 Jun 95

[FBIS Transcribed Text] American officials in Hanoi confirmed that they found no evidence of POWs being detained alive in an underground prison in northwest of Hanoi as stated by former Senator Bill Hendon.

On June 18, officials of the American MIA Office in Hanoi went to Hung Hoa Village where Hendon reported that about 200 to 300 POWs were being detained; and the result: no evidence has been found.

U.S.-DPRK Nuclear Talks Agreement Viewed

BK1706091095 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 15 Jun 95

['Essay' by Thanh Hai]

[FBIS Translated Excerpt] On 13 June, after three weeks of negotiations from 19 May to 12 June in Kuala Lumpur, Malaysia, the DPRK and the United States issued a joint communique announcing that the two countries had agreed on the implementation of the agreement on the cancellation of the DPRK nuclear program signed on October 1994.

In the joint communique, both the DPRK and the United States reaffirmed their commitment to the U.S.-DPRK agreement signed in October 1994, particularly to the agreement on light water reactors. [passages on arrangements to build nuclear reactors in DPRK omitted]

In Washington, President Clinton issued a statement welcoming the 3 June Agreement in Kuala Lumpur. For its part, the DPRK Government also announced that it welcomed the agreement and confirmed that the agreement would create favorable conditions for the improvement of DPRK-U.S. relations.

As we all know, the framework agreement for a comprehensive settlement of the nuclear issue on the Korean Peninsula was signed on 21 Octorber 1994 after years of difficult negotiations. The agreement was supported by the entire world. [passage on DPRK and United States' measures to improve relations after the signing of the 21 October agreement and disagreements over execution of the agreement omitted]

The DPRK and United States resumed their talks on the nuclear agreement in Kuala Lumpur. After three weeks of difficult negotiations, the DPRK finally accepted two light water reactors. [passage on planning to build two reactors omitted]

Article Views Disunity at G-7 Halifax Summit

BK1906080795 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 18 Jun 95

[Article by Le Nhan from the 17 June issue of NHAN DAN: "Cooperation With Many Obstacles"]

[FBIS Translated Text] Leaders of the G-7 [Group of Seven] industrialized countries met in Halifax, Canada, for their annual conference, following a tradition started 20 years ago. Similar to last year's conference in Naples, this year Russian President Yeltsin was also invited to attend the political discussions. Despite the official purpose of the conference — to hold economic discussions — for many years they have talked of major international political issues.

At this year's meeting, the leaders of the world's economic and political superpowers also discussed a range of burning conflicts around the world, from the prolonged conflict in Bosnia, to the world economy, to the proliferation of nuclear weapons, the fight against terrorism, and so forth. The main issue, however, is not what is discussed by the G-7 leaders. The world public pays more attention to the question of to what extent the countries can cooperate to help solve current world problems. Reality shows that since the collapse of Soviet Union, the glue for unity of the West has ceased to exist. The cooperation among G-7 nations has gradually become more difficult and less effective and in some cases has even shown serious disharmony. An example of this is the handling of the conflict in Bosnia, where the differences in the interests of industrialized superpowers have been readily visible. They could not agree on either objectives or methods to handle the situation, and they no longer have the understanding and trust among each other necessary to resolve international conflicts. It is quite ironic that while the G-7 group held its conference, the fighting in Sarajevo escalated and became the main topic of the meeting's agenda.

Given the escalation, on the first day of the conference, the leaders could only issue a plea to factions in Bosnia to restrain themselves and cease their military activities. The G-7 group also failed to resolve the United States-Japan trade dispute, which is threatening to push the two major G-7 members to the verge of a trade war, the consequences of which are hard to predict. The United States-Japan trade dispute was the salient topic at the opening session with a private meeting, considered to be of extreme importance, between President Clinton and Prime Minister Murayama. Though the two leaders have emphasized the strategic and political close ties between the two countries, they have openly confronted seriously on trade issues. After the meeting, Mr. Clinton announced that Washington would not hesitate to punish Tokyo if the two sides do not come to an agreement before 28 June.

The effort for cooperation of G-7 nations was also affected by their own domestic political affairs. All G-7 leaders are presently in a precarious political situation, though at different levels, thus limiting their confidence and decisiveness. They admitted that the G-7 conference is not a meeting of the management board of the world economy and does not have the authority to redesign the world economic machinery.

On some concrete issues, however, G-7 does agree on joint action. Specifically, on the second day of the conference, they agreed to establish an emergency fund of $58 billion, managed by the International Monetary Fund, to be used to ease world financial crises, such as the crisis in Mexico last year when the United States had to intervene with emergency measures at the cost of $20 billion. It is expected that with the new intervention mechanism, international monetary agencies now can monitor and prevent financial crises similar to the one in Mexico.

G-7 countries can also enhance their cooperation and unity on issues where the interest conflict among them is not too critical, such as the proliferation of nuclear weapons, antiterrorism, and so forth. Generally speaking, however, the cooperation of the group in resolving burning and complicated issues of the world is not an easy task.

ASEAN Membership To Aid Foreign Investment

BK1806133695 Hanoi Voice of Vietnam in English 1000 GMT 17 Jun 95

[FBIS Transcribed Text] Vietnam will greatly benefit from increased economic investment from its Asian neighbors through ASEAN. A total of 1,300 projects from 53 countries with the capital of $14 billion have so far been operated in Vietnam. The ASEAN has contributed the larger part with more than 200 projects valued at over $2.5 billion, or more than 16 percent of the total foreign investment capital invested in Vietnam. Singapore is taking the lead with 95 projects capitalized at nearly $1.5 billion.

The Malaysian Consul General in Ho Chi Minh City said Malaysia is very eager to help Vietnam to get its full membership in ASEAN at its coming meeting in late July. Both investment and trading between Vietnam and the other members are likely to be prospered by the full membership. Vietnam has been granted more than a year as an observer, learning ASEAN methods, structures, and objectives.

Vo Van Kiet's Northern Europe Trip Reviewed

BK1706105595 Hanoi Voice of Vietnam in English 1000 GMT 16 Jun 95

[Station commentary]

[FBIS Transcribed Text] In the recent visit to six northern European countries including Sweden, Norway, Denmark, Luxembourg, Finland, and Iceland, Vietnamese Prime Minister Vo Van Kiet had an impression of seeing his old and close friends again. Almost all these countries have established diplomatic relations with Vietnam since the Vietnamese people conducted the resistant war for national salvation. They are raising their assistance to Vietnam. Here is our radio editor's opinion:

Sweden was the first European country that recognized Vietnam in 1969. It was followed by Denmark and Norway in 1971, Finland in 1972, and Luxembourg and Iceland in 1973. People of these countries fully supported the Vietnamese people's struggle for independence and freedom.

Over the last 20 years, northern European countries have granted Vietnam nearly $2 billion. Sweden runs the lead with $1.4 billion. In its current national renovation process, Vietnam continues to receive substantial help and cooperation from these countries.

During Prime Minister Vo Van Kiet's recent visit to northern European countries, Luxembourg committed to help Vietnam train financial and banking personnel and agreed to, together with Vietnam, build an overall plan to develop Vietnam's metallurgical industry.

The Danish Government informed the Vietnamese prime minister of its increasing grant from $18 million a year to $40 million a year by the year 2000 and provide a credit with preferential interest of $50 million.

Norway, Finland also committed to continue the development aid to Vietnam, particularly the Swedish Government signed with the Vietnamese Government an agreement on Swedish aid to Vietnam to assist the balance of payment. [paragraph as heard]

The working visit to northern European countries by Prime Minister Vo Van Kiet this time was aimed at studying experience in economic development. It was also visit to old and close friends of Vietnam. Surely, it will be a multi-force for the promoting the cooperative relations between Vietnam and these countries.

Trade Union Delegation Ends Visit to Cuba

BK1806093495 Hanoi VNA in English
1507 GMT 17 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 17 — Nguyen Van Tu, president of the Vietnam General Confederation of Labour, yesterday concluded a week-long visit to Cuba.

While in Cuba, the trade union president held talks with a delegation of the Centre for Cuban Labourers (CTC) led by Mr. Pedro Rot, Politburo member of the Communist Party of Cuba [CPC] Central Committee and CTC general secretary. During the talks, the two sides discussed measures to further strengthen the solidarity and cooperation between the working people and trade unions organisations of Vietnam and Cuba.

The president and his delegation were received on separate occasions by Jose Machado Ventura, Politburo member of CPC Central Committee in charge of personnel and organization; Ulises Rosales del Toro, Politburo member of CPC Central Committee and first vice- minister of revolutionary armed forces; Jaime Crombet, vice president of the National Assembly of People's Power; Jose Luis Rodriguez, vice president of the Council of Ministers.

During the receptions, the trade union president assured the Cuban leaders of the Vietnamese working class and labourers' unchanged solidarity with the Cuban people.

The Cuban leaders, for their part, expressed thanks to the Vietnamese people for their precious material and spiritual assistance, considering it a great source of encouragement to the Cuban people.

Conference Addresses Management of Foreign Aid

BK1706082395 Hanoi VNA in English
0707 GMT 16 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 16 — A conference on coordinating foreign aid for agriculture focused on enhancing its management and usage capacity was held here yesterday.

The conference, jointly organized by the State Planning Committee (SPC), the Asia Development Bank (ADB), the United Nations Development Programme (UNDP), was chaired by Minister Do Quoc Sam, director of the SPC.

Aimed at focusing attention of the conference of consultative groups and other forms of assistance coordination to the agriculture, the conference provided its participants with information relating to the government's strategies for agricultural development. These strategies will serve as basis for donor community to define its significant financial and technical assistance programmes and projects as required by the government.

The participants agreed that besides cultivation and animal breeding, agricultural production also includes aquatic products silviculture, irrigation, and that it is vitally significant to economic development in Vietnam. As more than 70 per cent of the Vietnamese workforce live on agricultural production any improvement made in this field is a key factor to ensure the country's food security and proverty alleviation.

Attending the conference were representatives of the ADB, the UNDP, non-governmental organizations (NGOs), international organisations, and Vietnamese relevant branches and agenies.

Ambassadors of donor countries were also present at the conference.

Ho Chi Minh City Needs Foreign Investment

BK1906090395 Hanoi VNA in English
0722 GMT 19 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 19 — Ho Chi Minh City needs in the coming period a foreign investment capital of around 1.5-2 billion USD per year. Thus, the city's total foreign investment capital for the next five years from 1995-2000 requires to be about [number indistinct] billion USD.

The municipal People's Committee has made known a list of 42 projects calling for a total capital of nearly 3 billion USD. Of the figure, ten projects lies in the area of infrastructure construction and concentrated industrial zones, 17 projects in agriculture and industry, and 15 others in construction of recreation centres, hotels and offices for rent and residential buildings.

These projects will create stable jobs for about 50,000-60,000 full time workers and 100,000-120,000 casual jobs.

From now to late 1995, the city is expected to have a foreign investment capital of 5.5 billion USD, accounting for one-third of the country's total foreign investment capital.

Aquatic Industry Seeks Foreign Investment

BK1806114695 Hanoi VNA in English
0709 GMT 18 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 18. — Vietnam's aquatic industry has called for foreigners to invest in more than 20 projects worth approximately USD 210 million in rearing, catching, processing and preserving of 1.25 million tonnes of aquatic products to reach an export turnover of USD 550 million in 1995, and 1.6 million tonnes and more than USD 1 billion by the year 2000.

Projects include: the USD 38-million brackish water shrimp rearing project in the Mekong Delta province of Tra Vinh with an expected yield of 11,000 tonnes/year, the USD-26 million fisheries project at central coast villages, the USD-10 million project on offshore fishing in the central coastal province of Khanh Hoa and the USD-25 million project relating to the construction of a refrigeration factory with a designed capacity of 2,000 tonnes/year.

Vietnam has 3,260 km of coastline with 112 river mouths. Its exclusive economic sea area spreads to more than one million square kilometres over 4,000 islands and islets. According to latest data, Vietnam's sea region reserves of nearly 3 million tonnes of fish, 1.2-1.4 million tonnes available for annual exploitation in addition to 50,000-60,000 tonnes of shrimp and 30,000-40,000 tonnes of cuttlefish.

In regard to aquatic rearing, the whole country has some 1.4 million ha of inland water surfaces, including 300,000 ha of tide beaches, nearly 400,000 ha of reservoirs and 600,000 ha of ponds and lakes.

In 1994, the aquatic industry caught more than 1.2 million tonnes of aquatic products, doubling the 1981 figure. Areas under aquatic rearing in 1994 reached 570,000 ha, including 230,000 ha for shrimp with an average yield of 330,000 tonnes/year.

The industry has been equipped with 93,500 fishing ships and boats including 62,000 motorized vessels, 164 refrigeration factories with a combined capacity of 140,000 tonnes/year, and 425 shrimp and fish nurseries.

By late 1994, the aquatic industry had 38 foreign-invested projects with a combined capital of USD 100 million licensed. Of these projects, 14 are in aquatic rearing, 16 in processing and the rest in manufacturing of nets, fishing tackle and refrigeration equipment.

Do Muoi Meets With Provincial Officials

BK1706083295 Hanoi VNA in English
0716 GMT 16 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 16— Party General Secretary Do Muoi has conducted working sessions with officials of the four central highlands Provinces of Kom Tum, Gia Lai, Dac Lac and Lam Dong in Buon Ma Thuot, capital of Dac Lac Province, on the implementation of party resolutions.

During the meetings, the party leader heard reports from provincial officials and enterprise directors on socio-economic development, particularly the situation of production, business and service activities made by various economic sectors.

Speaking to local officials, Mr. Muoi asked the local authorities to clearly understand the contents of party resolutions and state policies in order to develop detailed measures to mechanise agriculture and combine industry withforestry and agriculture. 'At the same time,' he said 'these measures should aim to develop the state-run trade section so that it can take a role to regulate the market and encourage the establishment of joint ventures among domestic economic sectors as well as foreign partners, thus making the best use of the whole region's potential and strength'.

While in Dac Lac, Mr. Muoi and Mr. Dao Duy Tung, Politburo member and secretary of the party Central Committee, who accompanied the party chief, called at Ea Pha Commune in Krong Pach - an example of socio-economic development as a result of management renewal and a transplanted urban economic structure. They also presented gifts to a number of old people of the Ede ethnic minority group, revolutionary veterans and families who had made great contributions to the nation.

Australia

Arson Destroys French Consulate in Perth

Fire Called Political Attack

BK1706091595 Melbourne Radio Australia in English 0500 GMT 17 Jun 95

[FBIS Transcribed Text] A fire in the Australian city of Perth which destroyed the French consulate has been described as a political attack. The honorary consul, Dr. Robert (Pearce), says he is aware of strong feelings against France's decision to resume nuclear testing in the Pacific, but he says he [was] shocked and devastated by the blaze, which also destroyed his consulting room. The fire began soon after explosions were heard in the consulate just before dawn. Police are investigating the cause of the blaze.

'Pacific Popular Front' Claims Fire

LD1706085795 Paris LCI Television in French 0800 GMT 17 Jun 95

[FBIS Translated Text] An unknown group, the Pacific Popular Front [Front Populaire Pacifique], this morning claimed it started the fire that destroyed the French consulate building in Perth, Australia. Police investigators are studying a document which was sent to the media. The building was completely gutted by the fire.

The French Embassy in Canberra issued a statement condemning the act and labelling it an unjustifiable crime in reprisal for the French decision to resume its nuclear weapons testing in the South Pacific.

Prime Minister 'Disturbed' by Fire

BK1706130095 Melbourne Radio Australia in English 1100 GMT 17 Jun 95

[FBIS Transcribed Text] Security arrangements at official French buildings across Australia have been stepped up in a wake of a fire which destroyed the French Consulate in the West Australian State capital, Perth. According to the Federal Government, some extra measures were in place before the fire but these have since been reviewed. The fire has come amid widespread anger in Australia and other countries over decision by France to resume nuclear test in the South Pacific, but, West Australian Police are yet to determine whether the fire was deliberately lit. They say a man who contacted media outlets in Perth today claimed to be from an organization, he called, the Pacific Popular Front, and said it was responsible for the fire.

The French Embassy has condemned the fire as an unjustifiable criminal act and said it hoped the incident would remain an isolated one. Political correspondent Graeham World reports that Prime Minister Paul Keating says he is disturbed and disappointed.

[Begin recording] [World] Mr. Keating says if the fire was deliberate, the action must be condemned for its extreme form. The French Embassy says the building was destroyed by a series of criminal explosions. Acting Foreign Minister Bob McMullan says such political violence is un-Australian and must be deplored.

[McMullan] I just urge every Australians to vent their political concern and their justified anger through the legitimate means of political protest that are available to us all in a free society. [end recording]

'Arson' Behind Fire; Protest at Embassy

BK1806082195 Melbourne Radio Australia in English 0500 GMT 18 Jun 95

[FBIS Transcribed Text] A special task force has been established by the Western Australian Police to find those responsible for the fire which destroyed the French Consulate building in the state capital, Perth. Police have confirmed arson was the reason for the fire in the building at West Perth and that the matter has been referred to the Major Crime Squad.

They say they have not discarded the theory that the blaze was the work of terrorists following the announcement that France is to resume nuclear testing in the Pacific. Media outlets in Perth have been contacted by a group calling itself the Pacific Popular Front claiming responsibility for the fire.

Assistant Commissioner Bill Mott, who says the investigations so far show the fire at the French Consulate was anything but accidental. [sentence as heard] He says police will not release further details at this stage but is urging the public to come forward with any information.

The French president, Jacques Chirac, has condemned the fire-bombing but said he would not change his mind about the testing.

[In a similar report Hong Kong AFP in English at 0442 GMT on 18 June adds:"Three people were meantime arrested in Canberra after breaking through police lines outside the French embassy during a sometimes violent protest involving about 400 people over the nuclear test decision. Several hundred demonstrators then marched to Prime Minister Paul Keating's Canberra residence, The Lodge, which is just a few hundred metres from the French Embassy to demand Keating take stronger action over the French testing. Police superintendent Graham Taylor said one of the three men arrested would be charged with criminal damage to a protective services vehicle and the others would be charged if they failed to give undertakings to stay away from the embassy. About 40 police and 20 Australian Protective Service officers guarded the Embassy during the protest."]

Evans 'Appalled' by Arson

BK1806121795 Melbourne Radio Australia in English 1100 GMT 18 Jun 95

[FBIS Transcribed Text] Australia's foreign affairs minister, Gareth Evans, has said in Paris he [was] shocked and appalled by the destruction of the French Consulate in the West Australian capital, Perth. Western Australian Police have confirmed that the fire which gutted the consulate early yesterday was deliberately lit. Senator Evans said if the fire was connected with the announced resumption of French nuclear test in the South Pacific it was utterly un-Australian and there was no excuse. The minister, who is leading a South Pacific Forum delegation to protest to the French Government over the test, said their planned resumption had caused an eruption of concern around the world. He said he hoped the French would listen very carefully to what his delegation have to say as people in the South Pacific region felt very strongly about the issue and believed that if the test were safe they should be carried out in France.

Meanwhile, hundreds of people who took part in the demonstration in the Australian capital, Canberra, against the test tried to occupy the grounds of the French Embassy but were kept back by police. Three of the protesters were detained, two were later released, but the third is expected to face charges. The demonstrators also protested outside the official residence of the prime minister, The Lodge.

Diplomats Remark on Fire, Security

BK1806125395 Melbourne Radio Australia in English 1100 GMT 18 Jun 95

[FBIS Transcribed Text] The French consul in Perth, Robert Pearce, is to stay on in the job but has called for greater security. Dr. Pearce says he is sure there won't be a similar attack to the fire which destroyed the consulate building. He says he is ready to carry on as consul but still has safety concerns:

[Begin Pearce recording] My only qualms are for safety [words indistinct] of others, including my family, but there are other residents of Perth, in Western Australia, if something like this were to happen again — and I certainly hope it won't — and I'm sure our colleagues in diplomatic circles assure us that they are doing everything to (?work this out). [end recording]

The French ambassador to Australia, (Christophe Aranaw), was at the scene of the fire today and Mr. (Aranaw) says it is important that the security of French buildings be given priority by the Australian authorities.

Parliament Calls on France To Reverse Decision

BK1906964095 Melbourne Radio Australia in English 0500 GMT 19 Jun 95

[FBIS Transcribed Text] Federal Parliament has moved to condemn the French plan to resume to nuclear testing in the Pacific and called for the decision to be reversed. The prime minister, Paul Keating, has moved the motion and it has been supported by opposition leader John Howard. Mr. Keating says hostility to the French Government decision should not spill over into actions such as the alleged arson attack on the French Consulate in Perth last week. He says the motion is specifically to condemn France's decision to carry out eight nuclear tests at Mururoa Atoll in the Pacific.

He says the decision is certain to raise in the minds of nonnuclear weapon states questions about the good faith of all the nuclear weapon states. It will add to the negotiating difficulties over the comprehensive test ban treaty. France's action might well provide a convenient excuse for those who might want join the nuclear club and who will now argue the commitment of these nuclear weapon states is a sham.

Although the opposition supported the motion leader John Howard added calls for the suspension of military cooperation with France, the recall of Australia's ambassador to France, and action to embarrass France at the United Nations. He also derided Foreign Affairs Minister Gareth Evans, saying his initial response to the decision was inadequate.

Evans To Lead Protest Delegation to France

BK1906034395 Melbourne Radio Australia in English 0100 GMT 19 Jun 95

[FBIS Transcribed Text] Both houses of Australia's Federal Parliament are today expected to condemn the French decision to resume nuclear testing in the Pacific. The opposition has agreed to support a government motion opposing the nuclear testing.

Australia's foreign minister, Gareth Evans, is today leading a delegation of South Pacific nations to France. However, Senator Evans has been accused of undermining the nation's opposition to France's nuclear testing program.

The federal coalition's foreign affairs spokesman, Alexander Downer, said the response by Senator Evans to the French announcement should have been stronger.

[Begin Downer recording] My basic concern is that the Australian Government's response has been so weak and they have been forced by the coalition who had been forced by the generality of the Australian community to take a stronger line, but really, Sen. Evans in this issue has just about blown away all the credibility he had left. [end recording]

Medical Society Disputes Safety of Nuclear Tests

LD1706102195 Melbourne Radio Australia in English 0800 GMT 17 Jun 95

[FBIS Transcribed Text] The Australian Medical Association [AMA] says an increase in a type of thyroid cancer may be linked to past nuclear testing, both in Australia and the Pacific. AMA head (David Weadon) has rejected French President Jacques Chirac's claim that the new round of nuclear tests at Mururoa Atoll will have no environmental or health effects. He says Australia has seen increased cases of capillary carcinoma, a type of thyroid cancer linked to radiation exposure. Dr. (Weadon) has also called on the French medical association to lobby its government to stop the tests. He said the French medical association was a member of the world medical association, which has a policy against nuclear testing.

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